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FP – EXCELLENCE IN COMMUNICATION

Interim Report 1/2013

fp-francotyp.com

KEY FIGURES FOR THE 1ST QUARTER 2013

Figures in accordance with consolidated financial statements in EUR million	1.1.–31.3.2013	1.1.–31.3.2012	Changes %
Revenue	**43.5**	**41.8**	**4.1**
Recurring Revenue	**34.3**	**33.8**	**1.5**
EBITDA	**6.2**	**4.1**	**51.5**
as percentage of revenue	14.4	9.9	
Operating income EBIT	**3.4**	**1.8**	**94.2**
as percentage of revenue	7.8	4.2	
Net income / lost	**2.2**	**0.7**	**222.3**
as percentage of revenue	5.0	1.6	
Free Cashflow	**1.2**	**0.3**	**329.9**
as percentage of revenue	2.8	0.7	

	31.3.2013	31.12.2012	Changes %
Equity capital	**16.2**	**16.2**	**0.0**
Shareholders equity	**24.0**	**21.6**	**11.1**
as percentage of revenues	16.5	15.8	4.4
Return on equity (%)	9.1	3.2	
Debt capital	**121.4**	**115.1**	**5.5**
Net debt	**32.0**	**33.3**	**-3.9**
Net indebtedness percent	133.0	154.2	
Balance sheet total	**145.4**	**136.7**	**6.4**
Shareprice as end of period in EUR	**2.28**	**2.48**	**-8.1**
Earnings per share in EUR	**0.14**	**0.04**	**250.0**
Employees (exact number)	**1,082**	**1,157**	**-6.5**

CONTENT
FOR THE INTERIM REPORT 1 / 2013

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

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders, Ladies and Gentlemen,

The FP Group has made a good start to the 2013 financial year. In comparison to the first quarter of 2012, revenue was up 4.1% at EUR 43.5 million, while EBITDA increased by 51.5% to EUR 6.2 million and the consolidated net result climbed to EUR 2.2 million after EUR 0.7 million in the previous year. One of the reasons for this success is the improved cost situation: since mid-2012 operations at the new production site in Wittenberge have been in full swing, allowing for considerably more efficient and also more flexible production. Secondly, the success is due to FP's consistent evolution into a multi-channel provider for mail communication. The FP Group is beginning to reap the benefits of its efforts over recent years.

This applies above all to the PostBase franking system launched in 2012, which builds on 90 years' experience in mail communication. Its features include not only high ease of use with extremely quiet operation, but also an award-winning modern design. We have now sold or leased more than 10,000 PostBase machines in the USA, Germany and Austria, and following PostBase's launch in the UK, Canada and Italy in the first few months of 2013 we are consistently continuing the international introduction of the new franking system. Customers everywhere see the new franking system as a real alternative to franking their letters with stamps or to their current franking machines.

This is the case in the USA in particular, where the decertification of older machines in the lower segment is currently providing an additional boost to demand. Since in the USA franking systems are generally leased, FP firstly needs to invest in producing new machines. However, this investment secures not only a long-standing customer relationship but also in the long term the recurring revenue from maintenance, service and consumables.

However, it is not only PostBase that contributed to the strong start to the current year. Multi-channel services and the new sales strategy with customised sector-specific solutions for mail communication are also meeting with growing interest. In addition, the early integration of De-Mail into FP's range of services is paying off: large and medium-sized companies and also federal authorities, states and municipalities are choosing to establish this new communication channel together with the FP Group. In many of these projects, the first task is to define the right applications and to adapt the internal processes accordingly. These preparations lay the foundations for a long-lasting customer relationship and corresponding recurring revenue.

In light of this positive overall performance in the first quarter of 2013, we are confirming the forecast for 2013 as a whole that we issued in February. We are planning for an increase in revenue to at least EUR 168 million and an improvement in the EBITDA result to at least EUR 22 million. The entire FP team still has a good deal of work ahead of it to achieve these targets after the traditionally strong first quarter. However, based on the positive response our new products and solutions have received from our customers, we are confident that we are on the right track – for 2013 and beyond.

Yours sincerely

Hans Szymanski
(Chairman of the Management Board)

Andreas Drechsler
(Member of the Management Board)

MANAGEMENT BOARD

Andreas Drechsler (left)
Member of the Management Board

Born in 1968, banking and business graduate, responsible for Sales International and Germany, Business Development and Produtct Management. Internal Audit, Marketing and Corporate Communications.

Hans Szymanski (right)
Chairman of the Management Board

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

GROUP MANAGEMENT REPORT
FOR THE FIRST QUARTER OF 2013

BUSINESS AND GENERAL ENVIRONMENT

OPERATING ACTIVITIES

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

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

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

The innovative software solutions of the FP Group are extremely quick and easy to use. A letter can be posted over the internet with just a single mouse click, but is subject to the highest security standards. Two different types of this solution are currently available to customers: hybrid mail and a fully electronic solution via De-Mail. The specialist for hybrid mail is the FP subsidiary internet access GmbH lilibit, Berlin Gesellschaft für Kommunikation und Digitaltechnik, Berlin (iab), in which the FP Group acquired a majority stake at the end of 2006. The FP Group secured its entry into the sector of fully electronic communication in spring 2011 with the acquisition of a majority shareholding in Mentana-Claimsoft GmbH. In March 2012 at the CeBIT, Mentana-Claimsoft was the first company to receive De-Mail accreditation.

The Mail Services segment comprises the consolidation of business mail, which was made possible through the liberalisation of the postal market. Following flotation, the company acquired freesort GmbH in late 2006. With nine branches throughout Germany, freesort is one of the leading independent consolidators of outbound business mail on the German market. Its mail consolidation services include collecting letters from clients, sorting them by postcode and delivering them in batches to a sorting office of Deutsche Post or an alternative postal distributor.

EMPLOYEES

As at 31 March 2013, the FP Group employed a total of 1,082 people worldwide, compared with 1,157 employees the previous year. This decrease is due to a headcount reduction in production. Accordingly, as at 31 March 2013, 685 employees were attributable to the German companies (previous year: 759) and 397 to foreign subsidiaries (previous year: 398).

In Germany, a total of 431 employees belonged to the Franking and Inserting segment (previous year: 508) and 254 to the Software Solutions and Mail Services segments (previous year: 251). As at 31 March 2013, freesort employed 170 people compared with 165 in the same period of the previous year. The number of employees at iab was virtually unchanged at 56 after 57 in the previous year. Mentana-Claimsoft had 28 employees as at 31 March 2013.

RESEARCH AND DEVELOPMENT

In the first quarter of 2013, research and development expenses came to a total of EUR 2.4 million and were thus 3.2% higher than the previous year's figure of EUR 2.3 million. Of this figure, EUR 0.8 million was capitalised in accordance with IAS 38, compared with EUR 1.2 million in the previous year. A total of EUR 1.6 million was expensed, as against EUR 1.1 million in the previous year. Accordingly, the ratio of research and development expenses to revenue stayed at 5.6%.

One focus of development activities in recent months was the country-specific adaptation of the new PostBase franking system to prepare for further internationalisation. PostBase was launched in the UK and Canada in the first quarter, with additional countries to follow.

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

GENERAL ENVIRONMENT

Economic growth is expected to accelerate slightly worldwide in 2013. In its current outlook, the International Monetary Fund (IMF) forecasts global economic growth of 3.3% after 3.2% in the previous year. The emerging and developing countries will once again represent the growth drivers, with growth of 5.3%. For the advanced economies, the IMF anticipates an increase in gross domestic product (GDP) of just 1.2% in 2013.

In the USA, the FP Group's largest foreign market, economic output increased by 2.5% in the first quarter of 2013. GDP thus grew at a faster rate than expected. In the euro zone, by contrast, experts are forecasting another decline in GDP of 0.4% in the first quarter of 2013. Southern European countries in particular are suffering from the effects of the euro crisis. The German economy also developed more poorly than expected in the past quarter. Accodring to calculations by the Federal Statistical Office, GDP in Germany, th FP Group's domestic market, rose by just 0.1% in the first three months of 2013 compared to the previous quarter. In view of the weak start to the year, experts anticipate that growth in Germany for 2013 as a whole could prove weaker than expectetd – Commerzbank, for example, has lowered its forecast from 0.5% to 0.2%.

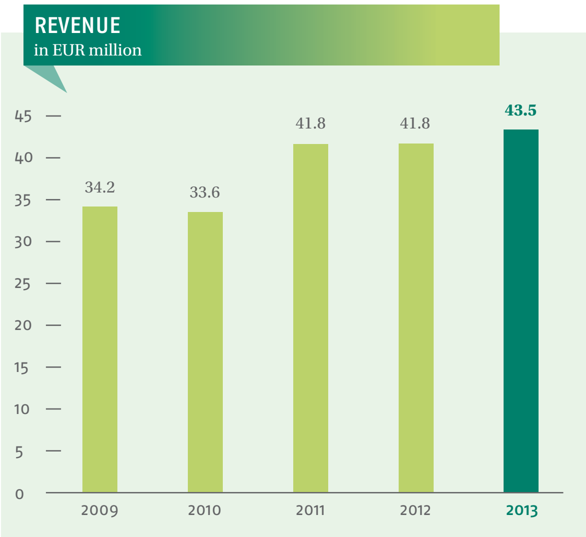
The exchange rate between the euro and the US dollar is of paramount importance for the exports of the FP Group. As in the past year, it was characterised by high volatility in the first three months of 2013. The euro appreciated considerably at the beginning of the year, reaching its high for the year to date of USD 1.37 on 1 February. It then steadily decreased in value until it hit a low of just under USD 1.28. At the end of the first quarter of 2013, one euro was equivalent to a little over USD 1.28, compared to USD 1.33 a year before.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Revenue

In the first three months of 2013, the FP Group generated total revenue of EUR 43.5 million in the traditionally strong first quarter, compared to EUR 41.8 million in the same period of the previous year. Revenue in Germany rose to EUR 23.0 million after EUR 22.1 million in the first quarter of 2012. Foreign revenue also improved slightly to EUR 19.5 million as against EUR 19.3 million in the previous year. Differences between the quarters due to currency translation amounted to only EUR –0.1 million.



In the first three months of 2013, revenue increased in all three product segments: Franking and Inserting, Mail Services, and Software. This growth chiefly resulted from higher product sales, which rose from EUR 8.0 million in the first quarter of 2012 to EUR 9.2 million in the first quarter of 2013. The main reason for this was the successful launch of the PostBase franking system.

Revenue also climbed in the Software segment, reaching EUR 3.3 million in the first quarter of 2013 compared with EUR 3.0 million in the same quarter of 2012. The Mail Services segment also posted an increase in revenue to EUR 10.0 million, compared with EUR 9.8 million in the previous year.

Recurring revenue from the Mail Services and Software business and from service agreements, leasing / rental, teleporto and the sale of consumables for arround 241,000 franking machines worldwide increased to EUR 34.3 million in the first three months of 2013. In the first quarter of 2012, it had amounted to EUR 33.8 million.

REVENUE BY PRODUCT AND SERVICE*

in EUR million	1st quarter 2013	1st quarter 2012
Recurring revenue	**34.3**	**33.8**
Leasing / rental	5.6	5.7
Services / customer service	7.1	7.0
Consumables	5.4	5.3
Teleporto	2.9	2.9
Mail services	10.0	9.8
Software	3.3	3.0
Income from product sales	**9.2**	**8.0**
Franking	6.9	5.9
Inserting	1.7	1.7
Other	0.6	0.4
Total	**43.5**	**41.8**
Recurring revenue	78.8%	80.9%
Non-recurring revenue	21.2%	19.1%

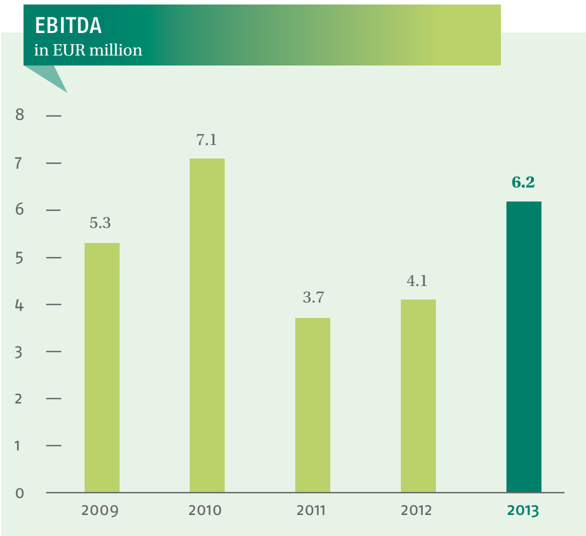
* Revenue in accordance with IFRS without inter-segment revenue

Earnings

In the first quarter of the current year, the company benefited again from the new production facility in Wittenberge. As at 31 March last year, the FP Group had discontinued production in Birkenwerder. In addition, the company's consistent evolution into a multi-channel provider for mail communication also contributes to its increasing earnings power.

In this context, the FP Group generated EBITDA (earnings before interest, taxes, depreciation and amortisation) of EUR 6.2 million in the first three months of 2013, significantly higher than the previous year's level of EUR 4.1 million. The EBITDA margin rose to 14% in the first quarter of 2013 as against 10% in the same quarter of 2012.

EBIT also improved considerably in the first quarter of 2013 to EUR 3.4 million after EUR 1.8 million in the previous year. The EBIT margin increased to 8% as against 4% in the first quarter of 2012. The consolidated net result rose to EUR 2.2 million, following EUR 0.7 million in the previous year.



Changes in material items in the Group statement of comprehensive income

in EUR million	1st quarter 2013	1st quarter 2012	Change
Revenue	**43.5**	**41.8**	**4.1**
Inventory changes	0.7	-0.6	n/a
Other own work capitalised	3.7	2.4	51.5
Overall performance	**47.8**	**43.6**	**1.1**
Other income	0.3	0.8	-65.6
Cost of materials	19.5	17.2	13.8
Staff costs	13.9	14.8	-6.1
Depreciation, amortisation and impairment losses	2.8	2.4	19.7
Other expenses	8.4	8.3	1.3
Operating income before special income and expenditure	**3.4**	**1.8**	**94.2**
Net interest income	-0.5	-0.6	n/a
Other net finance costs	0.2	0.2	16.5
Tax result	-1.0	-0.7	n/a
Consolidated net income	**2.2**	**0.7**	**n/a**
EBIT	**3.4**	**1.8**	**94.2**
EBITDA	**6.2**	**4.1**	**51.5**

Cost of materials

In the first quarter of 2013, the cost of materials rose to EUR 19.5 million, compared with EUR 17.2 million in the same period of the previous year. The cost of purchased services rose to EUR 10.3 million after EUR 9.8 million in the first quarter of 2012. This increase is mainly related to the increased revenues from MailServices.

Expenses for raw materials, consumables and supplies increased from EUR 7.3 million in the first quarter of 2012 to EUR 9.2 million in the first quarter of 2013 as a result of increased product sales, higher own work capitalised for leased franking machines and higher changes in inventories. As a result, the cost of materials ratio also rose to 44.9% (after 41.1% in the same quarter of 2012).

Staff costs

In the first quarter of 2013, staff costs dropped to EUR 13.9 million, compared with EUR 14.8 million in the previous year. This was primarily due to the headcount reduction in production after production in Birkenwerder was discontinued. Accordingly, the staff costs ratio fell to 40.0% as against 35.4% in the prior-year period.

Other expenses

Other expenses amounted to EUR 8.4 million in the first quarter of 2013 and were thus at roughly the same level as in the same quarter of 2012 (EUR 8.3 million).

EBITDA

The FP Group is pressing ahead with its realignment and taking several measures to advance its evolution into a multi-channel provider. In the first quarter of 2013, the FP Group generated EBITDA (earnings before interest, taxes, net finance costs, depreciation and amortisation) of EUR 6.2 million compared with EUR 4.1 million in the same period of the previous year.

Depreciation, amortisation and impairment losses

In the first quarter of 2013, depreciation, amortisation and impairment losses increased as planned to EUR 2.8 million, compared with EUR 2.4 million in the previous year. This was due to old, written-off machines on the rental markets being exchanged for new franking systems, as well as to amortisation in relation to the PostBase development project that was not started until during 2012.

Net interest expense

Net interest expense in the first quarter of the current year amounted to EUR -0.5 million as against EUR -0.6 million in the previous year. Due to the low interest rate level, interest income remained at EUR 0.3 million in the first quarter of 2013. This was countered by a slight decrease in interest expenses to EUR 0.7 million compared with EUR 0.8 million in the previous year.

Net financial income / expense

The FP Group generated net financial income of EUR 0.2 million in the first quarter of 2013, as in the same period of 2012. Effects on net financial income depend on whether exchange rates deviate from the valuation on the reporting date.

Tax result

The tax result consists of tax income of EUR 0.8 million and tax expenses of EUR 1.8 million. Overall, the tax result amounted to EUR -1.0 million and was not impacted by one-off effects. In the same periode of the previous year the tax result amounted to EUR -0.7 million.

Consolidated net income

In the first quarter of 2013, the FP Group improved its consolidated net income before minority interests to EUR 2.2 million. In the same period of the previous year, the company reported consolidated net income of EUR 0.7 million. The restructuring of production, the new production facility in Wittenberge and the company's multi-channel strategy are starting to pay off. Earnings per share amounted to EUR 0.14 in the first quarter of 2013 after EUR 0.04 in the first three months of 2012.

COURSE OF BUSINESS BY SEGMENT

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

Since the segments report in accordance with the local financial reporting framework, both the adjusting entries in accordance with IFRS and the Group consolidation entries are included in the reconciliation with the consolidated financial statements. The Group consolidation entries comprise the consolidation of business relationships between the segments. 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 revenue with external third parties in the segment report.

Sales Germany segment

The FP Group achieved overall revenue of EUR 23.0 million with third parties in its German domestic market, compared with EUR 22.1 million in the previous year. In Germany, revenue increased in the Mail Services segment with the consolidation specialist freesort and in the Software segment with the subsidiaries iab and Mentana-Claimsoft.

Revenue in the Mail Services segment rose to EUR 10.0 million, compared with EUR 9.8 million in the previous year. Overall, freesort's business developed as planned.

In Software Solutions, revenue also improved to EUR 3.3 million, compared with EUR 3.0 million in the first quarter of 2012. The company benefited from new orders here.

Francotyp-Postalia Vertrieb und Service (VSG), which is responsible for franking and inserting, achieved revenue of EUR 9.8 million, after EUR 9.3 million the previous year. In new business, VSG benefited from the demand for the new PostBase.

In the first quarter of 2013, the FP Group generated EBITDA of EUR 1.9 million in the Sales Germany segment, compared with EUR 0.8 million in the previous year.

At the same time, the company underscored its market leadership in Germany with a market share of 42.0% in franking machine business. The FP Group's participation in the CeBIT trade fair in Hanover, where it displayed its franking and inserting machines as well as its innovative software solutions and mail services, provided impetus for its product business in the first quarter.

Sales International segment

In its International segment, in which all activities by the foreign subsidiaries are combined, the FP Group generated revenue of EUR 19.5 million with third parties in the first quarter of 2013, compared with EUR 19.3 million in the same period in the previous year. The slight increase in revenue also compensated for low negative exchange rate effects of EUR 0.1 million.

In the Sales International segment, the FP Group generated an EBITDA result of EUR 4.3 million, compared to EUR 4.6 million in the same period of the previous year.

Production segment

The FP Group consolidates its production activities in Germany in the Production segment. This segment generated revenue with third parties of EUR 1.3 million in the first quarter of 2013, as against EUR 1.0 million in the previous year.

While EBITDA of EUR -0.9 million was generated in Production in the first quarter of 2012, the company reported EBITDA of EUR 2.1 million for this segment in the first quarter of 2013. In the previous year, the parallel operation of the two production locations had led to additional expenses. In 2013, there were positive economies of scale from the significant increase in intersegment revenue (EUR 19.5 million in Q1 2013 as against EUR 10.2 million in Q1 2012) and cost reductions as a result of the successfully implemented restructuring.

SUMMARY OF RESULTS PER SEGMENT

in EUR million	Revenue[1]			EBITDA		
	Q1 2013	Q1 2012	Change in %	Q1 2013	Q1 2012	Change in %
Sales Germany	23.0	22.1	4.1	1.9	0.8	122.2
Sales International	19.5	19.3	1.0	4.3	4.6	-5.9
Production	1.3	1.0	30.0	1.4	-0.9	n/a
FP Group[2]	43.5	41.8	4.1	6.2	4.1	51.5

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

FINANCIAL POSITION

Principles and objectives of financial management

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

Liquidity analysis

In the first quarter of 2013, cash flow from operating activities climbed to EUR 5.3 million, compared with EUR 3.6 million in the previous year. This reflected the improved earnings situation. In addition, the first quarter of the previous year was negatively impacted by the utilisation of provisions for restructuring in the amount of EUR 1.9 million. By contrast, net working capital, i. e. inventories plus trade receivables less trade payables, increased to EUR 23.3 million following EUR 20.1 million in the previous year, particularly as a result of the increased business and production volume.

The cash outflow from investing activities amounted to EUR 4.0 million in the first quarter of 2013 after EUR 3.3 million the previous year. Changes are reported in the "Investment analysis" section. As a result, free cash flow – the balance of cash inflows from operating activities and cash outflows from investing activities – totalled EUR 1.2 million after EUR 0.3 million in the same period in the previous year.

In the first quarter of 2013, cash flow from financing activities amounted to EUR 0.7 million after EUR 5.5 million in the first quarter of 2012. This was particularly due to cash inflows from borrowing finance lease liabilities in the amount of EUR 1.5 million less cash outflows from the repayment of finance lease liabilities and from the repayment of bank loans.

Cash and cash equivalents shown are produced from the balance sheet items "cash and cash equivalents" as well as "securities" less "teleporto funds".

LIQUIDITY ANALYSIS

in EUR million	1.1. – 31.3.2013	1.1. – 31.3.2012
1. Cash flow from operating activities		
Cash flow from operating activities	5.3	3.6
2. Cash flow from investing activities		
Cash flow from investing activities	-4.0	-3.3
3. Cash flow from financing activities		
Cash flow from financing activities	0.7	5.5
Cash and cash equivalents		
Change in cash and cash equivalents	1.9	5.7
Change in cash and cash equivalents due to currency translation	0.0	0.0
Cash and cash equivalents at beginning of period	5.6	6.3
Cash and cash equivalents at end of period	**7.6**	**12.0**

Financing analysis

To finance its business, the FP Group primarily used cash flow from operating activities as well as existing borrowing arrangements with banks in the first quarter of 2013. These liabilities fell to EUR 36.1 million at the end of the first quarter of 2013 compared with EUR 36.5 million as at 31 December 2012. Cash and cash equivalents increased to EUR 27.5 million as at 31 March 2013, compared to EUR 26.0 million as at 31 December 2012.

Liabilities include borrowings of EUR 36.1 million and finance lease liabilities of EUR 5.3 million. Cash and cash equivalents include treasury shares of EUR 1.8 million and securities of EUR 0.7 million, and exclude postage credit balances managed by the FP Group in the amount of EUR 20.6 million.

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

CHANGES IN NET DEBT

in EUR million	31.3.2013	31.12.2012
Liabilities	41.4	40.7
Funds	-9.4	-7.4
Net debt	**32.0**	**33.3**
Equity	24.0	23.2
Net indebtedness	**133%**	**143%**

Further information on Group financing can be found in the report on events after the balance sheet date.

Investment analysis

The FP Group is pursuing a focused investment strategy and concentrating particularly on investments that will facilitate the company's ongoing development into a complete service provider for mail communication. In the first quarter of 2013, investments amounted to EUR 4.0 million, after EUR 3.3 million in the same period for the previous year. Capitalised development costs decreased to EUR 0.8 million in the first quarter of 2013 after EUR 1.4 million in the same period of the previous year, when investments for the new PostBase franking system were incurred at the same time as development costs for De-Mail were capitalised.

Investments in property, plant and equipment excluding leased products decreased to EUR 0.3 million in the first quarter of 2013 after EUR 0.6 million in the first quarter of 2012, when investments in the new production site in Wittenberge were made. Investments in leased products increased from EUR 1.1 million in the previous year to EUR 2.8 million in the first quarter of 2013, with EUR 0.8 million of this amount reported under the item "Leased products" and EUR 2.0 million under the item "Assets in finance leases" in the table of non-current assets.

INVESTMENT

in EUR million	1.1. – 31.3.2013	1.1. – 31.3.2012
Capitalised development costs	0.8	1.4
Investment in other intangible assets	0.1	0.3
Investment in property, plant and equipment (excluding leased products)	0.3	0.6
Investment in leased products	2.8	1.1
Investment in company acquisitions	0.0	0.0
Proceeds from the disposal of non-current assets	0.1	0.1
Investments	**4.0**	**3.3**

NET ASSETS

Compared with 31 December 2012, total assets increased by EUR 8.9 million to EUR 145.4 million. The ratio of non-current assets to total assets fell from 51.6% to 49.6%. As at 31 March 2013, the ratio of current assets to current liabilities was 105.2%, compared with 89.9% as at 31 December 2012.

Within non-current assets, intangible assets were unchanged at EUR 33.9 million. This includes goodwill, intangible assets including customer lists, and development projects in progress.

Property, plant and equipment increased from EUR 21.2 million at the end of 2012 to EUR 22.8 million as at 31 March 2013. This was due in particular to the rise in assets in finance leases from EUR 5.9 million to EUR 7.7 million as at 31 March 2013. This increase mainly resulted from US leasing business, since in the USA franking systems can only be leased. The current exchange of these leased franking machines is being refinanced partly by way of sale-and-lease-back.

Deferred tax assets rose from EUR 6.9 million to EUR 7.1 million. It is likely that tax assessments that are not yet effective will be adjusted with regard to transfer prices as part of a tax assessment conducted for the years 2005 to 2008. One significant consequence of adjusted transfer prices would be the transfer of profits from abroad to Germany. In connection with arbitration or settlement proceedings, however, there may be corresponding adjustments abroad with a tax benefit effect.

Within current assets, inventories increased from EUR 10.8 million to EUR 12.6 million as at 31 March 2013 in line with growing demand, particularly for PostBase. Trade receivables rose from EUR 17.6 million on 31 December 2012 to EUR 19.7 million. Securities held in the amount of EUR 0.7 million are used by freesort GmbH as a cash deposit for a guarantee towards Deutsche Post AG. Cash and cash equivalents increased from EUR 26.0 million at the end of 2012 to EUR 27.5 million. Other current assets amounted to EUR 12.8 million, following EUR 11.0 million on 31 December 2012.

Shareholders' equity improved to EUR 24.0 million as at 31 March 2013, compared to EUR 21.6 million at the end of 2012, as a result of the positive consolidated net result. Due to the amendments of IAS 19 the other comprehensive income shows retrograde as of 31 December 2012 an impact of EUR –1.7 million with the subequent effects as of 31 March 2013. In the first quarter of 2012, Francotyp-Postalia Holding AG's share capital had been increased from EUR 14.7 million to EUR 16.16 million, divided into 16,160,000 non-par value bearer shares. As at 31 March 2013, the company held a total of 370,444 own shares, corresponding to 2.29% of capital stock.

As at 31 March 2013, current liabilities decreased to EUR 69.6 million after EUR 73.5 million at the end of 2012. Other current liabilities increased from EUR 41.9 million to EUR 46.4 million on 31 March 2013. Current financial liabilities fell to EUR 7.3 million as against EUR 16.8 million on 31 December 2012, primarily due to changes in the remaining terms of liabilities to banks. The recently concluded syndicated loan agreement stipulates a different repayment schedule from that which would have applied under the previous agreement. There is a corresponding opposite effect under non-current financial liabilities.

Non-current liabilities increased from EUR 41.3 million to EUR 51.8 million as at 31 March 2013, chiefly due to the above-mentioned change in the structure of the remaining terms of liabilities to banks. According to the amendments of IAS 19 adjustments regarding provisions for pensions were made retrograde. There for the value as of 31 December 2012 is higher by EUR 2.3 million compared to the 2012 Annual Report. In consequence also the value as of 31 March 2013 is effected. Further informations are provided as part of the Notes I. General Principles. In future, the Group's income statement will be unaffected by actuarial gains and losses.

EVENTS AFTER THE BALANCE SHEET DATE

At the extraordinary Supervisory Board meeting held on 9 April 2013, Klaus Röhrig was elected as the new Chairman of the Supervisory Board. He replaced Dr. Claus Gerckens, who had been Chairman of the Supervisory Board since 27 June 2012. Neuruppin District Court had appointed Klaus Röhrig as a member of the Supervisory Board of Francotyp-Postalia Holding AG effective 1 April 2013. He took over from Felix Hölzer, who had resigned as at 31 March 2013.

On 19 April 2013, Francotyp-Postalia Holding AG announced that it had secured its Group financing for the next 3.5 years with a prolongation option of another 1.5 years. The syndicated loan agreement was signed with a consortium of banks headed by Deutsche Postbank AG and Commerzbank Aktiengesellschaft. As a result, liabilities relating to the financing of around EUR 36 million originally in place until the end of February 2014 are being repaid early. The total volume of the new syndicated loan agreement amounts to EUR 45 million. The loan comes with partially improved conditions from Francotyp-Postalia's perspective in comparison to the previous loan agreement, and takes account of the needs of operating businesses and allows for a greater level of flexibility. In the Group financing, the banks rewarded the improved balance sheet structure and the positive development of the FP Group. With these broadened financial conditions, the company can systematically move forwards with its projects and secure its planned growth, particularly in the USA and Germany.

On 25 April 2013, Francotyp-Postalia Holding AG announced that Dr. Claus Gerckens, Deputy Chairman of the Supervisory Board, would step down from his position on the Supervisory Board of FP at the end of the next Annual General Meeting on 27 June 2013 in accordance with Article 10(5) of the company's Articles of Association. In accordance with the German Stock Corporation Act (Aktiengesetz – AktG), the entire Supervisory Board is to be confirmed/ re-elected at the upcoming Annual General Meeting in June.

Other than those shown in the financial statements, there were no significant events after the interim reporting date (31 March).

RISK AND OPPORTUNITY REPORT

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

FORECAST

Following the strong start to the 2013 financial year, the FP Group is confirming its forecast for the year as a whole. The company expects to generate revenue of at least EUR 168 million, EBITDA of at least EUR 22 million and EBIT of EUR 9 million.

The markets in which the FP Group operates will change further in the years to come, as the liberalisation of postal markets marches onwards and technological progress continues. The company has consistently moved forwards with its strategic alignment as a complete service provider for mail communication. In this respect, the FP Group is increasingly dovetailing its Franking and Inserting segments with its Software Solutions and Mail Services segments to ensure that customers can obtain products and services from one source.

In 2012, the FP Group launched its new PostBase franking system and De-Mail. PostBase will be launched in more countries in 2013. The FP Group sees new sales potential for the medium to long term in marketing De-Mail in particular. The revenue effect will primarily depend on how quickly the market accepts the new technology.

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

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 1ST QUARTER 2013

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2013

in EUR thousand	1.1. – 31.3.2013	1.1. – 31.3.2012 adjusted
Revenue	43,489	41,770
Changes in inventories of finished goods and work in progress	659	-621
	44,148	**41,149**
Other capitalised own work	3,667	2,421
Other income	290	844
Cost of materials		
a) Cost of raw materials, consumables and supplies	9,247	7,330 [1]
b) Cost of services purchased	10,275	9,828 [1]
	19,522	**17,158**
Staff expenses		
a) Wages and salaries	11,717	12,419
b) Social security contributions	1,917	2,196
c) Expenses for pensions and other benefits	262	186
	13,896	**14,801**
Depreciation, amortisation and impairment losses	2,830	2,364
Other expenses	8,445	8,334
Net interest income / expense		
a) Interest and similar income	251	247
b) Interest and similar expenses	714	822
	-463	**-575**
Other financial results		
a) Other financial income	794	641
b) Other financial expenses	582	459
	212	**182**
Tax result		
a) Tax income	784	672
b) Tax expense	1,750	1,355
	-966	**-683**
Consolidated net income	**2,195**	**681**
Other comprehensive income		
Translation of financial statements of foreign entities	286	-889
of which taxes	-19	-20
of which reformatted in the consolidated net income	-131	0
Cash flow hedges	0	0
of which taxes	0	0
of which reformatted in the consolidated net income	0	0
Other comprehensive income after taxes	**286**	**-889**
Comprehensive income	**2,481**	**-208**
Consolidated net income for the year	2,195	681
– of which attributable to the shareholders of FP Group	2,284	628
– consolidated net profit attributable to minority interests	-89	53
Comprehensive income	2,481	-208
– of which attributable to the shareholders of FP Group	2,570	-261
– of which attributable to minority interests	-89	53
Earnings per share (basic and diluted, in EUR):	**0.14**	**0.04**

[1] Adjusted information shown.

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2013

ASSETS

in EUR thousand	31.3.2013	31.12.2012 adjusted [1]
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	16,837	17,727
Goodwill	10,016	10,016
Development projects in progress	7,073	6,135
	33,926	**33,878**
Property, plant and equipment		
Land, land rights and buildings	2,258	2,284
Technical equipment and machinery	1,110	1,152
Other equipment, operating and office equipment	4,004	4,072
Leased products	7,657	7,732
Advance payments and assets under construction	22	3
Assets under finance leases	7,729	5,929
	22,780	**21,172**
Other assets		
Associated companies	13	13
Other equity investments	163	163
Finance lease receivables	1,310	1,393
Other non-current assets	194	182
	1,680	**1,751**
Tax assets		
Deferred tax assets	7,089	6,888 [1]
Current tax assets	6,689	6,689
	13,778	13,577
	72,164	**70,378**
CURRENT ASSETS		
Inventory		
Raw materials, consumables and supplies	5,290	4,584
Work in progress	723	760
Finished products and merchandise	6,571	5,428
	12,584	**10,772**
Trade receivables	**19,687**	**17,648**
Other assets		
Finance lease receivables	1,326	1,342
Income tax assets	831	1,446
Derivative financial instruments	27	11
Other current assets	10,606	8,160
	12,790	**10,959**
Securities	**680**	**680**
Cash	**27,502**	**26,028**
	73,243	**66,087**
	145,407	**136,465**

[1] Explanation of adjustments: see "Selected explanatory notes – General Principles – IAS 19 – Employee Benefits".

LIABILITIES

EUR thousand	31.3.2013	31.12.2012 adjusted [1]
SHAREHOLDERS' EQUITY		
Equity attributable to shareholders of the parent company		
Subscribed capital	16,160	16,160
Capital reserves	35,312	35,312
Stock option reserve	712	636
Treasury shares	-1,829	-1,829
Loss carried forward	-27,051	-31,171
Consolidated net income after minority interests	2,284	4,120
Other comprehensive income	-1,979	-2,115 [1]
	23,609	**21,113**
Minority interests	**403**	**492** [1]
	24,012	**21,605**
NON-CURRENT LIABILITIES		
Provisions for pensions and similar obligations	14,485	14,584 [1]
Other provisions	1,564	1,750 [1]
Financial liabilities	34,157	23,917
Other liabilities	376	376
Deferred tax liabilities	1,222	709 [1]
	51,804	**41,336**
CURRENT LIABILITIES		
Tax liabilities	2,366	2,141
Provisions	4,557	4,409
Financial liabilities	7,266	16,829
Trade payables	8,994	8,277
Other liabilities	46,408	41,868
	69,591	**73,524**
	145,407	**136,704**

[1] Explanation of adjustments: see "Selected explanatory notes – General Principles – IAS 19 – Employee Benefits".

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2013

EUR thousand	1.1. – 31.3.2013	1.1. – 31.3.2012
Cash flow from operating activities		
Consolidated net income	**2,195**	**680**
Income tax result recognised in profit or loss	1,805	554
Net interest income recognised in profit or loss	463	575
Depreciation and amortisation of non-current assets	2,830	2,364
Decrease (–) / increase (+) in provisions and tax liabilities	-1,087	-1,328
Changes in deferred taxes	312	-149
Loss (+) / gain (–) on the disposal of non-current assets	36	2
Decrease (–) / increase (+) in inventory, trade receivables and other assets not attributable to investing or financing activities	-5,839	148
Increase (+) in trade payables and other liabilities* not attributable to investing or financing activities	5,731	2,550
Other non-cash expenses and income	-329	-767
Government assistance not yet received	-121	-690
Interest received	251	247
Interest paid	-259	-140
Income tax paid	-736	-435
Cash flow from operating activities	**5,252**	**3,611**
Cash flow from investing activities		
Cash paid for internally generated intangible assets	0	0
Cash payments for the capitalisation of development costs	-837	-1,404
Proceeds from the disposal of non-current assets	88	100
Cash paid for investments in intangible assets	-135	-275
Cash paid for investments in property, plant and equipment	-3,134	-1,745
Cash paid for financial investments	0	0
Cash paid for company acquisitions	0	0
Cash flow from investing activities	**-4,018**	**-3,324**
Cash flow from financing activities		
Cash outflows from reverse repo transactions	-2	-137
Cash paid to repay bank loans	-487	-137
Cash payments to repay finance leases	-385	-160
Cash inflows from taking out finance leases	1,470	0
Cash inflows as a result of issuing shares	0	3,467
Cash inflows from taking out bank loans	114	2,428
Cash flow from financing activities	**710**	**5,461**
Cash and cash equivalents*		
Change in cash and cash equivalents	1,944	5,748
Change in cash and cash equivalents due to currency translation	4	-18
Cash and cash equivalents at beginning of period	5,620	6,307
Cash and cash equivalents at end of period	**7,568**	**12,037**

* Cash and cash equivalents and other liabilities exclude the postage credit balances managed by the FP Group (EUR 20,614 thousand) (Q1 / 2012: TEUR 19.877). Cash and cash equivalents include current securities in the amount of EUR 680 thousand (in Q4 / 2012 EUR 680 thousand).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2013

						Other comprehensive income						
EUR thousand	Subscribed capital	Capital reserves	Stock option reserve	Treasury shares	Net income / loss	Difference from currency translation	Net investments in foreign operations	Difference from amendments of IAS 19 (rev, 2011)[1]	Derivative financial instruments	Equity attributable to FP Holding	Minority interests	Total
Balance at 1 January 2012[1]	**14,700**	**33,181**	**346**	**-1,829**	**-31,171**	**-607**	**633**	**380[1]**	**0**	**15,633**	**666**	**16,299**
Consolidated net income 1.1. – 31.3.2012	**0**	**0**	**0**	**0**	**628**	**0**	**0**		**0**	**628**	**53**	**681**
Translation of financial statements of foreign entities	0	0	0	0	0	-890	1	0	0	-889	0	-889
Other earnings 1.1. – 31.3.2012	**0**	**0**	**0**	**0**	**0**	**-890**	**1**	**0**	**0**	**-889**	**0**	**-889**
Comprehensive income 1.1. – 31.3.2012	**0**	**0**	**0**	**0**	**628**	**-890**	**1**	**0**	**0**	**-261**	**53**	**-208**
Capital increase	1,460	2,007	0	0	0	0	0	0	0	3,467	0	3,467
Capital increase from stock options	0	0	65	0	0	0	0	0	0	65	0	65
Balance at 31 March 2012[1]	**16,160**	**35,188**	**411**	**-1,829**	**-30,543**	**-1,497**	**634**	**380[1]**	**0**	**18,904**	**719**	**19,623**
Balance at 1 January 2013[1]	**16,160**	**35,312**	**636**	**-1,829**	**-27,051**	**-1,344**	**885**	**1,656[1]**	**0**	**21,113**	**492**	**21,605**
Consolidated net income 1.1. – 31.3.2013	**0**	**0**	**0**	**0**	**2,284**	**0**	**0**	**0**	**0**	**2,284**	**-89**	**2,195**
Translation of financial statements of foreign entities	0	0	0	0	0	286	-150	0	0	136	0	136
Other earnings 1.1. – 31.3.2013	**0**	**0**	**0**	**0**	**0**	**286**	**-150**	**0**	**0**	**136**	**0**	**136**
Comprehensive income 1.1. – 31.3.2013	**0**	**0**	**0**	**0**	**2,284**	**286**	**-150**	**0**	**0**	**2,420**	**-89**	**2,331**
Capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Capital increase from stock options	0	0	76	0	0	0	0	0	0	76	0	76
Balance at 31 March 2013	**16,160**	**35,312**	**712**	**-1,829**	**-24,767**	**-1,058**	**735**	**-1,656**	**0**	**23,609**	**403**	**24,012**

[1] Explanation of adjustments: see "Selected explanatory notes – General Principles – IAS 19 – Employee Benefits".

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2013

I. GENERAL PRINCIPLES

GENERAL INFORMATION

Francotyp-Postalia Holding AG, Birkenwerder (also referred to hereafter as FP Holding), is a German stock corporation (Aktiengesellschaft) registered in the Commercial Register of Neuruppin District Court under HRB 7649. The company's registered office is at Triftweg 21–26, 16547 Birkenwerder, Germany. The interim consolidated financial statements of FP Holding as at 31 March 2013 include FP Holding and its subsidiaries (also referred to hereafter as the FP Group).

The FP Group is an international company in the outbound mail processing sector with a history dating back 90 years. The focus of its activities is the traditional product business, which consists of developing, manufacturing and selling franking machines in particular but also inserting machines, and conducting aftersales business. The FP Group also offers its customers in Germany sorting and consolidation services in addition to hybrid mail and fully electronic mail communication products via its subsidiary freesort and its majority shareholdings in iab and Mentana-Claimsoft GmbH.

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

These interim financial statements are condensed financial statements in accordance with IAS 34. They do not include all disclosures in connection with complete financial statements as per IAS 1. The financial statements were approved for publication by the Management Board of FP Holding on 25 May 2013.

PRINCIPLES OF ACCOUNTING

Principles for the preparation of the financial statements

The interim consolidated financial statements – comprising the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and selected explanatory notes – of FP Holding for the period from 1 January to 31 March 2013 have been submitted to and published in the Electronic Federal Gazette. These are condensed interim consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting) for the interim period from 1 January to 31 March 2013. The same accounting policies were basically applied in preparing these interim financial statements as in the preparation of the 2012 consolidated financial statements. The interim financial statements should be read together with these audited financial statements.

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

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

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

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

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

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

IAS 19 – Employee Benefits (revised 2011)

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

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

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

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

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

The expected amount of administrative costs for plan assets was previously included in net interest. The amendments stipulate that administrative costs for plan assets must be recognised in other comprehensive income as part of the remeasurement component, whereas other administrative costs are allocated to operating profit at the time they are incurred.

The amendments to IAS 19 resulted in the following significant effects. As the FP Group applied the corridor method in the past, the change resulted in an increase in pension provisions of EUR 2,349 thousand based on circumstances as at 31 December 2012. This was countered by a change in deferred taxes of EUR 658 thousand as at 31 December 2012. Equity therefore decreased by EUR 1,691 thousand.

Financing expenses declined by approx. EUR 17 thousand in the first quarter of 2013 as a result of the amendments to IAS 19. On transitioning from the corridor method to the amended method, the Group's income statement will be unaffected by actuarial gains and losses (e. g. due to interest rate fluctuations) in future, as these will have to be recognised in other comprehensive income.

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

As a result of the amended definition of termination benefits, supplementary amounts committed to as part of phased early retirement agreements now constitute other non-current employee benefits. The accumulation of supplementary amounts in instalments over the relevant active years of service of the employees who are beneficiaries under phased early retirement agreements results in a provision that is EUR 72 thousand lower as at 31 December 2012. This was countered by a change in deferred taxes of EUR 20 thousand as at 31 December 2012. Equity therefore increased by EUR 52 thousand. In subsequent periods, increased staff costs are expected to result in a negative effect on operating earnings of EUR 85 thousand in the 2013 financial year and EUR 52 thousand in 2014. As a result of the amendments, operating earnings declined by approximately EUR 21 thousand in the reporting period from 1 January to 31 March 2013.

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

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

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

IFRS 13 – Fair Value Measurement

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

Fair value under IFRS 13 is defined as the exit price, i. e. the price that would be received to sell an asset or paid to transfer a liability. As currently known from the fair value measurement of financial assets, there is a three-level hierarchy graded according to the dependence on observed market prices. New fair value measurement has not resulted in significantly different values as compared to the previous provisions.

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

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

Amendments to IFRS 1 – Government Loans

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

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

CORRECTION OF ERRORS

In the comparable period of the previous year, there was an incorrect account allocation at a subsidiary. The amount reported for expenses for raw materials, consumables and supplies was too high by EUR 1,939 thousand. The amount shown for the cost of purchased services was too low by the same amount. In total, the reported cost of materials was correct. The incorrect allocation led to a reporting error in the Group's income statement for the period from 1 January to 31 March 2013.

CONSOLIDATED GROUP

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

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

CURRENCY TRANSLATION

Currencies have been translated at the following rates:

	Closing rate			Average rate	
EUR 1 =	31.3.2013	31.12.2012	31.3.2012	Q1 / 2013	Q1 / 2012
US dollar (USD)	1.2809	1.3185	1.3333	1.3208	1.3109
British pound sterling (GBP)	0.8471	0.8155	0.8329	0.8513	0.8345
Canadian dollar (CAD)	1.3024	1.3116	1.3291	1.3314	1.3129
Swedish krona (SEK)	8.3509	8.5844	8.8370	8.4977	8.8513
Singapore dollar (SGD)	1.5907	1.6110	1.6745	1.6348	1.6568

Q1 refers to the period from 1 January to 31 March of the respective year.

MANAGEMENT ESTIMATES AND DISCRETION

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

II. DEVELOPMENTS IN THE REPORTING PERIOD

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

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

STATUS OF PRODUCTION EXPANSION AT THE WITTENBERGE LOCATION / RESTRUCTURING

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

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

NEW SYNDICATE AGREEMENT

In 2012, FP engaged Deutsche Postbank AG to arrange a syndicated loan of EUR 45 million with a term of three and a half years with which to repay the existing syndicated loan financing in the first half of 2013 before the end of its term February 2014. As at 22 March 2013, the required loan commitment was provided in writing. The new loan agreement was concluded on 19 April 2013.

CHANGES IN THE SUPERVISORY BOARD OF FRANCOTYP-POSTALIA HOLDING AG

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

The Management Board and Supervisory Board submitted a request to Neuruppin District Court to appoint Mr. Klaus Röhrig as a new member of the Supervisory Board for the transitional period until the election of FP Holding Supervisory Board members at the upcoming Annual General Meeting on 27 June 2013. In January this year, after his share of equity exceeded the threshold of 10%, Mr. Röhrig had already expressed an interest in assuming a position on the Supervisory Board and thus taking on responsibility for the company. Neuruppin District Court appointed Mr. Röhrig as a Supervisory Board member effective 1 April 2013.

OTHER DEVELOPMENTS

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

III. EXPLANATORY NOTES

NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows of the FP Group shows cash inflows and outflows from ongoing operating, investing and financing activities. The cash and cash equivalents were calculated as follows:

EUR thousand	**31.3.2013**	31.3.2012
Cash	27,502	31,237
plus securities	680	678
Current liabilities from postage credit balances managed	-20,614	-19,877
Cash and cash equivalents	**7,568**	**12,038**

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

EMPLOYEES

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

Regional distribution

Country	31.3.2013	31.3.2012
Germany	685	759
USA	113	113
United Kingdom	96	96
Netherlands	54	53
Canada	37	38
Sweden	18	23
Belgium	22	22
Austria	21	21
Italy	24	21
Singapore	8	8
France	4	3
Total	**1,082**	**1,157**

Functional distribution

Segment	31.3.2013	31.3.2012
Production	183	263
Sales Germany	489	488
Sales International	389	390
Central Functions	21	16
Total	**1,082**	**1,157**

CONTINGENT LIABILITIES AND RECEIVABLES

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

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

FP Holding is reviewing claims for damages from former Management Board member Dr. Heinz-Dieter Sluma. Dr. Sluma is alleged to have awarded contracts for supply chain optimisation (SCO) and application service providing (ASP) with a value of several million euro in 2008 without the necessary approval of the Supervisory Board, even though neither the SCO project nor the ASP contract were economically advantageous and the decision to award the contracts was not made on the basis of proper information. In addition, there are indications that Dr. Sluma tolerated or retroactively approved budget overruns, even though no usable work results were achieved as a consequence despite payments totalling approximately EUR 2.5 million (net). The events are being processed by an auditing company and a law firm and examined with regard to possible D&O liability claims. A final evaluation and a decision on whether to seek compensation and how much have not yet been made.

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

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 25 April 2013, Francotyp-Postalia Holding AG announced that Dr. Claus Gerckens, Deputy Chairman of the Supervisory Board, would step down from his position on the Supervisory Board of FP at the end of the next Annual General Meeting on 27 June 2013 in accordance with Article 10(5) of the company's Articles of Association. In accordance with the German Stock Corporation Act (Aktiengesetz – AktG), the entire Supervisory Board is to be confirmed/re-elected at the upcoming Annual General Meeting in June.

Other than those shown in the financial statements, there were no significant events after the interim reporting date (31 March).

IV. SEGMENT INFORMATION

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

1.1. – 31.3.2013	A	B	C	D		
EUR thousand	Production	Sales Germany	Sales International	Central Functions	Reconciliation to Group	Total
Sales revenue	20,794	24,190	20,015	1,111	-22,621	**43,489**
– with external third parties	1,282	22,965	19,458	80	-296	**43,489**
– intersegment	19,512	1,225	557	1,031	-22,325	**0**
EBITDA	**1,411**	**1,880**	**4,321**	**-412**	**-955**	**6,244**
Depreciation, amortisation and impairment losses	269	680	2,082	19	-219	**2,830**
Net interest income	-163	-190	-50	-106	45	**-463**
– of which interest expense	471	248	192	547	-745	**714**
– of which interest income	308	58	143	441	-700	**251**
Other net finance costs	-133	0	63	241	42	**212**
Tax result	-28	-64	-840	-1,122	1,087	**-966**
Net income	817	946	1,412	-1,418	439	**2,195**
Segment assets (31 March)	115,772	90,792	98,806	119,900	-279,863	**145,407**
Investments	74	126	4,267	7	-368	**4,106**
Segment liabilities (31 March)	113,925	82,005	77,743	59,485	-211,762	**121,395**

1.1. – 3.13.2012	A	B	C	D		
EUR thousand	Production	Sales Germany	Sales International	Central Functions	Reconciliation to Group	Total
Sales revenue	11,180	22,927	19,761	779	-12,877	**41,770**
– with external third parties	957	22,076	19,301	0	-564	**41,770**
– intersegment	10,223	851	460	779	-12,313	**0**
EBITDA	**-918**	**846**	**4,593**	**-683**	**284**	**4,121**
Depreciation, amortisation and impairment losses	314	749	2,093	13	-804	**2,364**
Net interest income	-484	-57	-125	-2	93	**-575**
– of which interest expense	909	249	223	731	-1,290	**822**
– of which interest income	425	193	98	729	-1,197	**247**
Other net finance costs	462	0	-57	0	-223	**182**
Tax result	-167	32	-759	-2	213	**-683**
Net income	-1,421	72	1,559	-700	1,171	**681**
Segment assets (31 March)	117,577	80,769	87,744	120,000	-267,319	**138,771**
Investments	599	263	1,945	35	751	**3,592**
Segment liabilities (31 March)	118,393	72,353	67,226	59,786	-198,609	**119,149**

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

EUR thousand	Production	Sales Germany	Sales International	Central Functions	Reconciliation to Group	Total
1.1. – 31.3.2013						
Provisions for restructuring	-830	-162	0	0	0	**-992**
Income from the reversal of provisions	0	0	0	0	0	**0**
1.1. – 31.3.2012						
Provisions for restructuring	-1,590	-324	0	0	0	**-1,914**
Income from the reversal of provisions	16	5	0	0	0	**21**

RECONCILIATION IN EUR THOUSAND

Revenue	1.1. – 31.3.	
	2013	2012
Revenue of segments A–C	64,999	53,869
Revenue of Central Functions segment	1,111	779
Effects of finance lease adjustment	-296	-564
	65,814	**54,083**
Less intersegment revenue	22,325	12,313
Revenue according to financial statements	**43,489**	**41,770**

EBITDA	1.1. – 31.3.	
	2013	2012
EBITDA of segments A–C	7,611	4,520
EBITDA of Central Functions segment	-412	-683
	7,199	**3,837**
Measurement effects of reconciliation (IFRS)	620	978
Effects at consolidation level	-1,575	-694
Consolidated EBITDA	**6,244**	**4,121**
Depreciation, amortisation and impairment losses	-2,830	-2,364
Net interest income / expense	-463	-575
Other financial result	212	182
Consolidated net profit before taxes	3,163	1,364
Tax result	-966	-683
Consolidated net income	**2,196**	**681**

Assets	31.3.2013	31.3.2012
Assets of segments A–C	305,370	286,091
Assets of Central Functions segment	119,900	120,000
	425,270	**406,091**
Capitalisation of development costs under IFRS	17,291	15,310
Effects of goodwill remeasurement	6,291	5,456
Effects of customer list amortisation	76	123
Effects of amortisation of internally generated software	17	-15
Other IFRS reconciliation	4,474	4,422
	453,419	**431,387**
Effects at consolidation level (incl. elimination of intragroup balances)	-308,012	-292,616
Assets according to financial statements	**145,407**	**138,771**

Assets by region	31.3.2013	31.3.2012
Germany	326,464	318,347
USA and Canada	42,322	33,785
Europe (excl. Germany)	43,143	41,640
Other regions	13,341	12,319
	425,270	**406,091**
Effects of IFRS remeasurement	28,056	25,188
Effects of customer list amortisation	76	123
Effects of amortisation of internally generated software	17	-15
	453,419	**431,387**
Effects at consolidation level (incl. elimination of intragroup balances)	-308,012	-292,616
Assets according to financial statements	**145,407**	**138,771**

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

RESPONSIBILITY STATEMENT

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

Birkenwerder, 23 May 2013

Management Board of Francotyp-Postalia Holding AG

Hans Szymanski
(Chairman of the Management Board)

Andreas Drechsler
(Member of the Management Board)

FINANCIAL CALENDAR / IMPRINT

Presentation 1st Quarter Results 2013	23 May 2013
Annual General Meeting 2013	27 June 2013
Presentation Half-year Report 2013	28 August 2013
Presentation 3rd Quarter Results 2013 / Equity Forum 2013 Frankfurt	November 2013

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STATEMENT RELATING TO THE FUTURE

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

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

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