FRANCOTYP-POSTALIA HOLDING AG

The Digital Mailroom

INTERIM REPORT FOR THE FIRST NINE MONTHS 2015

fp-francotyp.com

KEY FIGURES

FIGURES IN ACCORDANCE WITH CONSOLIDATED FINANCIAL STATEMENTS IN EUR MILLION

	1.1–30.9.2015	1.1.–30.9.2014	Changes in %	1.7.–30.9.2015	1.7.–30.9.2014	Changes in %
Revenue	141.3	126.4	11.8	46.1	41.8	10.2
Recurring revenue	115.7	102.6	12.7	37.7	33.2	13.6
EBITDA	20.3	17.3	17.4	6.0	5.5	9.7
as percentage of revenue	14.4	13.7		13.1	13.7	
EBIT	7.9	7.9	0.0	1.8	2.2	–18.9
as percentage of revenue	5.6	6.2		3.8	5.4	
Net profit	4.2	4.5	–5.7	0.2	1.6	–86.1
as percentage of revenue	3.0	3.5		0.5	3.9	
Earnings per share (EUR)	0.26	0.28	–7.1	0.02	0.10	–84.2
Free cash flow	–0.4	–1.1	–63.7			

	30.9.2015	31.12.2014	Changes in %
Equity capital	16.2	16.2	
Shareholders equity	33.9	30.1	12.7
as percentage of balance sheet total	21.7	21.1	
Return on equity (%)	0.6	5.2	
Debt capital	52.3	112.1	–53.4
Net debt	22.4	15.8	41.8
Net debt-equity ratio	66	53	24.5
Balance sheet total	**156.3**	**142.1**	**10.0**
Share price end of year (EUR)	**4.33**	**3.98**	**8.8**
Employees (end of period)	**1,043**	**1,056**	**–1.2**

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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

THOMAS
GRETHE

SVEN
MEISE

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

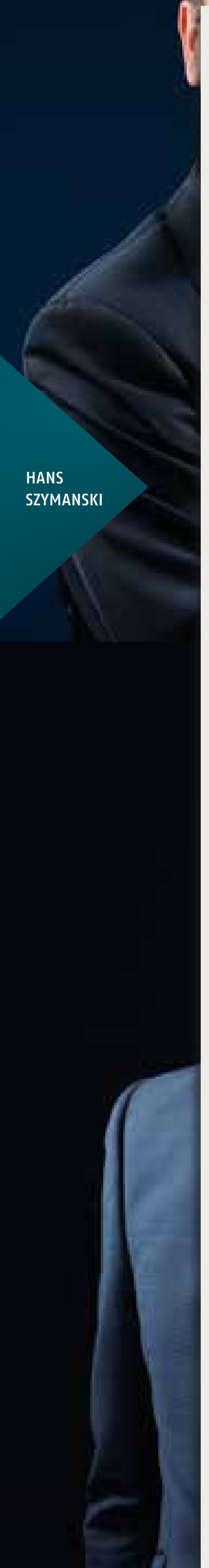
In the first nine months of the current financial year, FP Group revenue rose by 11.8% to EUR 141.3 million and EBITDA improved by 17.4% to EUR 20.3 million. In the light of these developments over the first nine months, we have increased our forecasts for full-year 2015. We now expect revenue of between EUR 184 million and EUR 188 million and EBITDA of EUR 27 million to EUR 28 million. We previously forecast revenue of between EUR 173 million and EUR 177 million and EBITDA of EUR 24 million to EUR 25 million.

The increase in our forecasts clearly shows that FP can maintain its position well in challenging times. Without question, the weaker euro supports this positive trend. Over the year to date, the positive exchange rate effect amounted to EUR 7.2 million for revenue and EUR 3.2 million for EBITDA.

But, two aspects of our business model should be highlighted from an operational perspective.

First, the continued positive development of revenue of the mail services division reflects growing demand for outsourcing services. This confirms our FP 2020 Strategy, which focuses increasingly on the interplay between the different services within documentation and communications.

Second, the decision to invest significant amounts in developing PostBase and thereby our traditional business was the right one. The successful decertification process in the USA, and also the PostBase sales volumes in all other countries, are impressive evidence of this. PostBase remains the most technically advanced product in our industry. The great success of PostBase calls for investments – especially in countries such as the US, Canada and France, where we rent rather than sell PostBase. Nonetheless, these investments clearly secure the future of the FP Group. Around 60% of our investment is currently in rental machines. As a result, depreciation is increasing and free cash flow is falling; after nine months, free cash flow stands at EUR -4.0 million. However, we continue to expect a positive free cash flow for the year as a whole. This is because the end of decertification in the USA is likely to lead to a clear reduction in stocks and a decline in capital investment. If demand in the USA



or other markets exceeds our expectations again, we will seize the opportunity and invest further to win new clients. Because short-term investment pays off in the medium term and leads to high recurring revenue and high operating cash inflows.

We want to further extend the technological edge that we secured with PostBase; our internal development functions are therefore focusing on expanding the PostBase product family. We are currently introducing on a country-by-country basis the PostBase Mini, an entry-level franking machine for small volumes of mail. In the UK in particular, this modern solution for freelancers, start-ups and small companies is already proving a big seller. From next year onwards, further models for higher volumes of post are set to be launched; new features like dynamic scales will contribute to more efficient and quicker processing.

Even so, we should not view PostBase in isolation here. Instead, these innovative systems are a central building-block of modern, Digital Mailroom. The FP 2020 strategy targets this area in particular: Through systematic expansion of the digital services range, the FP Group will develop into a provider of digital post offices in the coming years. In the first stage we are concentrating on the German market. The FP Group is successfully represented here already with De-Mail, software solutions and mail services.

The revenue forecast of EUR 184 million to EUR 188 million for 2015 marks an important milestone on the way to the FP 2020 revenue target of EUR 225 million to EUR 250 million in 2020. Going forwards, the FP Group will not enjoy the positive exchange rate effects seen in 2015. However, it will benefit over many years from the stabilised installed base of franking machines and the systematic expansion of the range of services within the scope of the Digital Mailroom. This is the basis for our conviction that the profitable growth in the current year can be continued in the coming years.

Sincerely,

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

Francotyp-Postalia Holding AG
Group Management Report for the first nine months of 2015

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GROUP PRINCIPLES

OPERATING ACTIVITIES

Francotyp-Postalia Holding AG ("FP Group", "Francotyp-Postalia" or "the Company"), which has its headquarters in Berlin, is the provider of Digital Mailroom 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 revenue. 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 GmbH is one of the leading independent consolidators of 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. Deutsch Post grants rebates for this service.

Software Solutions segment

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

The specialist in hybrid mail is the FP subsidiary internet access GmbH lilibit Berlin Gesellschaft für Kommunikation und Digitaltechnik (iab), Berlin, Germany. Hybrid mail is a combination of electronic and physical mail: The sender dispatches the letter electronically, 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. Since July 2014 the FP Group has held a 100% stake in Mentana-Claimsoft GmbH. The company specialises in electronic signatures, and offers products for making electronic documents secure and 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 and also for private customers. De-Mail is binding because both sender and recipient are identified in the initial registration process before they can use the communication standard.

RESEARCH AND DEVELOPMENT

Research and development costs during the last quarter amounted to EUR 2.1 million, and was therefore unchanged from the prior-year quarter. Research and development costs for the full nine months total EUR 5.9 million so far this year, compared with EUR 5.7 million for the same period of the previous year. Of this, EUR 3.0 million was capitalised, EUR 2.9 million was taken to expense. In relation to revenue, the research and development ratio was 4.2% in the first nine months of 2015 (previous year: 4.9%).

The adaptation of the PostBase Mini, a machine for handling small volumes of mail, to local conditions in important markets, is one of the focal points of the research and development activities in the current financial year. Following its launch in the UK and the US, the product was launched in Germany in the third quarter of 2015. At the same time, the FP Group is preparing to extend the PostBase product family to include a more powerful version, which will also contain a dynamic scale.

EMPLOYEES

Our staff 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 30 September 2015, the FP Group employed a total of 1,043 people worldwide, compared with 1,060 employees in the previous year. The segment breakdown of employees as at 30 September was as follows:

SEGMENT

	30.9.2015	30.9.2014
Sales Germany	469	473
Sales International	384	397
Production	160	164
Central functions	30	26
Total	**1,043**	**1,060**

ECONOMIC CONDITIONS

FP Group's German domestic market was defined by a robust economy. The leading economic research institutes forecast gross domestic product (GDP) growth of 1.8 percent for both 2015 and 2016. However, in summer growth has slowed down slightly. After 0.4% in the second quarter, GDP increased only by 0.3% in the third quarter. The upside trend remains intact in the US, the FP Group's most important foreign market. Based on preliminary information, GDP rose at an annualised rate of 1.5% in the third quarter of 2015.

The exchange rate between the euro and the US dollar is of paramount importance for exports of the FP Group to the US, and also for other markets. The euro appreciated slightly vis-a-vis the US dollar in the third quarter of 2015; the exchange rate rose from 1.11 US dollar per euro to almost USD 1.12 by the end of the quarter, before losing ground again in October.

INCOME SITUATION

Boosted by the weak euro, the FP Group succeeded in significantly increasing revenue again in the third quarter of 2015. Business developed positively beyond the US, for example, in the UK and Canada among others. The company showed an encouraging trend within the Eurozone, particularly in Italy and France, where the number of PostBase users is rising from quarter to quarter. The importance of the leasing business is growing in general on the foreign markets. 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 recurrent income.

The two-track development continued in Germany: while the franking business remained muted, the Software and Mail Services product segments increased significantly. As announced, the company also embarked on the optimisation of the German customer service; one-off expenses incurred in the last quarter will already be offset by permanent savings next year.

FINANCIAL PERFORMANCE INDICATORS

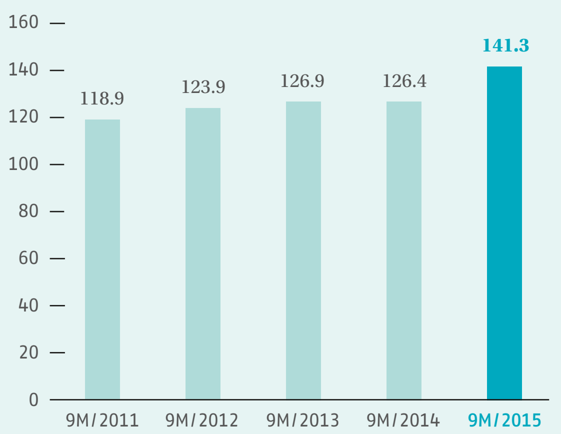
The FP Group's financial performance indicators are revenue, EBITDA, EBIT, free cash flow and net debt. These are the value-driving parameters of the conflicting priorities that the Company faces: profitability, growth and liquidity.

Revenue

The FP Group increased revenues in the third quarter of 2015 by 10% to EUR 46.1 million; it increased by 12% in the first nine months to EUR 141.3 million. The positive exchange rate effect as a result of the weaker euro totalled EUR 7.2 million in the current year.

Revenue in Germany in the first nine months of the current year climbed from EUR 69.4 million the year before to EUR 75.4 million; this growth results in particular from the expanding consolidation business. The US remained the largest foreign market in the third quarter; revenue in this market increased, also due to currency effects, to EUR 31.7 million, up from EUR 25.1 million in the same period of the previous year.

REVENUE
in EUR million



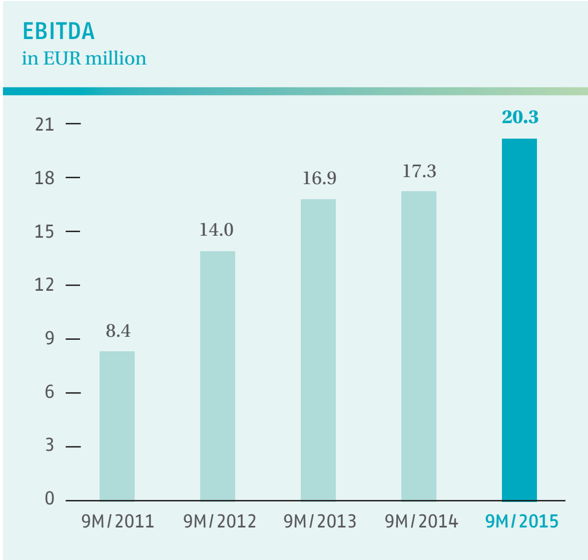
Thanks to the success in the leasing business and in the consolidation, the FP Group could once again increase the share of recurring revenues to 81.9% in the first nine months of the current financial year, from 81.2% the year before. Recurring revenue from the Mail Services and Software business, as well as from service contracts, leasing business, Teleporto and the sale of consumables for approximately 231,000 franking machines worldwide, increased by 12.7% to EUR 115.7 million in the first nine months of the current financial year. Earnings from product sales increased by 7.5% during the same period to EUR 25.6 million.

REVENUE BREAKDOWN BY PRODUCT AND SERVICES

EUR million	1.1.–30.9.2015	1.1.–30.9.2014	Q3 2015	Q3 2014
Recurring revenue	**115.7**	**102.6**	**37.7**	**33.2**
Equipment hire	23.6	18.1	8.0	6.3
Service / customer service	17.6	18.9	5.1	5.8
Consumables	17.3	15.4	5.6	5.0
Teleporto	7.5	7.9	2.4	2.8
Mail services	39.8	32.6	13.6	10.4
Software	9.9	9.8	3.0	3.1
Product sales revenue	**25.6**	**23.8**	**8.4**	**8.6**
Franking	19.0	18.0	6.2	6.8
Inserting	5.4	4.6	1.7	1.4
Other	1.1	1.2	0.5	0.4
Total	**141.3**	**126.4**	**46.1**	**41.8**
Recurring revenue	81.9%	81.2%	81.9%	79.4%
Non-recurring revenue	18.1%	18.8%	18.1%	20.6%

Earnings development (EBITDA, EBIT)

Despite one-off expenditure, especially for the optimisation of customer service in Germany, operating earnings before interest, taxes and depreciation (EBITDA) improved to EUR 6.0 million in the third quarter of 2015, compared with EUR 5.5 million in the year before. Owing to the high level of depreciation that continues to proceed on schedule, EBIT declined from EUR 2.2 million in the same period of the previous year to EUR 1.8 million. The FP Group's EBITDA for the first nine months amounted to EUR 20.3 million, compared with EUR 17.3 million in the previous year. This equates to an EBITDA margin of 14.4 percent This figure includes a currency effect of EUR 3.2 million. The EBIT was unchanged in the first nine months at EUR 7.9 million.



Free cash flow

The free cash flow, which is the difference between cash inflows from operating activities (EUR 9.6 million) and cash outflows from investing activities (EUR 13.6 million) was inspite of the improved earnings situation unchanged from the previous year at EUR –4.0 million. This was down to the increase in assets to meet the continuing very high demand for PostBase franking systems, above all in the US and French leasing markets, especially in the first nine months of the year.

Net debt

In the first nine months of 2015, the FP Group's net debt increased to EUR 22.4 million, compared with EUR 15.8 million at the end of 2014. The net debt ratio rose to 66%.

CHANGES IN NET DEBT

EUR million	30.9.2015	31.12.2014
Liabilities	38.7	31.4
Funds	16.3	15.6
Net liabilities	**22.4**	**15.8**
Equity	33.9	30.1
Net debt-equity ratio	**66%**	**53%**

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

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 GROUP STATEMENT OF COMPREHENSIVE INCOME

EUR million	1.1.–30.9. 2015	1.1.–30.9. 2014	Q3 2015	Q3 2014
Revenue	**141.3**	**126.4**	**46.1**	**41.8**
Change in inventories	2.0	1.9	1.8	1.1
Other own work capitalised	11.1	11.1	3.7	3.5
Overall performance	**154.4**	**139.4**	**51.6**	**46.4**
Other income	2.7	1.6	0.7	1.0
Materials expenses	68.1	61.9	23.6	20.8
Personnel expenses	42.8	39.9	14.4	12.6
Depreciation, amortisation and impairment losses	12.4	9.4	4.3	3.3
Other expenses	25.9	21.9	8.2	8.5
Operating income before special income and expenditures	**7.9**	**7.9**	**1.8**	**2.2**
Net interest income / expense	–1.0	–1.7	–0.4	–0.5
Other financial result	0.2	0.8	–0.4	0.8
Tax result	–2.8	–2.5	–0.8	–0.9
Consolidated net income	**4.2**	**4.5**	**0.2**	**1.6**
EBIT	**7.9**	**7.9**	**1.8**	**2.2**
EBITDA	**20.3**	**17.3**	**6.0**	**5.5**

Revenue

The FP Group generated total revenue of EUR 46.1 million in the third quarter of 2015, after EUR 41.8 million for the same period of the previous year. This growth is mainly attributable to higher revenue from the Mail Services segment, a growing leasing business and a positive currency effect of EUR 2.1 million. The FP Group's revenue during the first nine months increased to EUR 141.3 million, compared with EUR 126.4 million the year before.

Other own work capitalised

At EUR 3.7 million, other own work capitalised in the third quarter was slightly higher than the figure of EUR 3.5 million in the same period of the previous year. This is due to 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 demand there for the PostBase franking system, as many clients are replacing their old franking machines. The FP Group capitalises the new lease machines and depreciates them over a useful life of 5 years. Additions to leased products included in capitalised own work amounted to EUR 8.1 millionin the first nine months of 2015, compared with EUR 8.8 million in the previous year.

Materials expenses

In line with the higher revenue, the cost of materials rose to EUR 23.6 million in the first three quarters of 2015 compared with EUR 20.8 million in the same period of the previous year. On the one hand, expenditure on raw materials, consumables and supplies remained virtually constant at EUR 10.0 million, after EUR 9.8 million in the same period of the previous year. Expenditure on services purchased, on the other hand, increased to EUR 13.6 million compared with EUR 11.1 million during the previous year; these figures reflect the growing Mail Services business. The cost of materials ratio rose to 51.3% in the third quarter after 49.8% in the third quarter of the previous year.

Personnel expenses

Personnel expenses increased to EUR 14.4 million in the third quarter of 2015 compared with EUR 12.6 million in the previous year. This item includes one-off expenses, especially provisions for severance payments arising in the course of the optimisation of customer service in Germany (EUR 0.6 millionen). Given the growing importance of remote maintenance, which in particular allowed the successful introduction of PostBase and the new PostBase Mini, together with declining repairs, the company plans a customer-oriented modernisation of its service operation, as announced some time ago.

The one-off expenses drove up the personnel cost ratio temporarily to 31.2%, after 30.0% in the same period of the previous year. It fell during the first nine months of the year from 31.6% to 30.3%.

Other expenses

Other expenses fell to EUR 8.2 million in the third quarter of 2015, compared with EUR 8.5 million for the prior-year period. This item includes mainly expenditure for commission, advertising and legal and advisory services.

EBITDA

The FP Group posted EBITDA of EUR 6.0 million in the third quarter of 2015, after EUR 5.5 million in the prior-year period. Over the first nine months, EBITDA rose to EUR 20.3 million, compared with EUR 17.3 million in the previous year. This figures includes positive currency effects of EUR 3.2 million. The EBITDA margin improved year on year to 14.4% (2013: 13.7%).

Depreciation and impairments

Depreciation in the third quarter of 2015 rose to EUR 4.3 million from EUR 3.3 million in the previous year. As announced, the increase resulted primarily from the exchange (decertification) of old, fully depreciated franking machines for new franking systems in the US. So far the FP Group was already able to place over 35,000 new PostBase systems on the market, thus already securing a major proportion of the installed systems being replaced before decertification expires at year-end.

Net interest income / expense

In the third quarter of 2015, net income expense / income stood at EUR −0.4 million compared with EUR -0.5 million in the year before. Interest income increased to EUR 0.2 million, down from EUR 0.1 million in the same period of the previous year. Interest expense of EUR 0.6 million was unchanged from the third quarter of 2014.

Other financial result

The financial result for July to September 2015 came in at EUR −0.4 million, against EUR 0.8 million for the same period in 2014. This development is attributable to exchange rate effects on the valuation of balance sheet items on the reporting date. The slight appreciation of the euro in the third quarter of 2015 generated a negative effect, unlike in the first half of 2015. After the first nine months, the FP Group's financial result amounted to EUR 0.2 million, compared with EUR 0.8 million the year before.

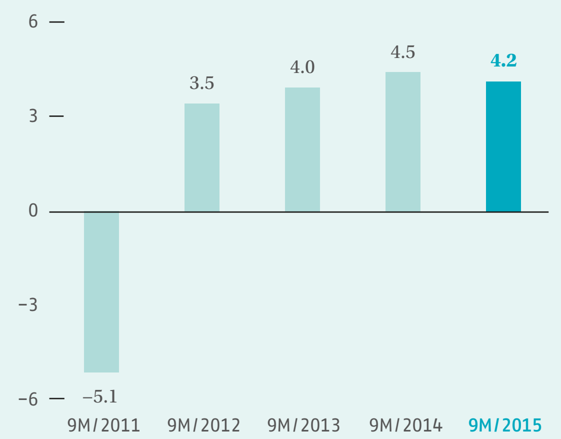
Tax result

The tax result in the third quarter of 2015 reached EUR −0.8 million from EUR -0.9 million in the previous year. Rising profitability led to a higher tax burden for the FP Group in the first nine months of the year. Accordingly, the tax result amounted to EUR -2.8 million compared with EUR -2.5 million in the same period of the previous year. Following the the abandonment of the Singapore subsidiary tax result was effected by non-tax-deductible expenses in the amount of EUR 0.1 million, which means an increase of the tax ration by 1.8 percentage points.

Consolidated net income

The higher tax burden and higher depreciation were reflected in consolidated net income in the third quarter of 2015 too, which amounted to EUR 0.2 million after EUR 1.6 million in the same period of the previous year, Earnings per share stood at EUR 0.02 compared with EUR 0.10 in the third quarter of 2014. The FP Group achieved consolidated profit of EUR 4.2 million in the first nine months of the current financial year, compared with EUR 4.5 million a year earlier.

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 revenue with external third parties in the segment report.

Sales Germany segment

Overall, the FP Group generated revenue of EUR 25.0 million with external third parties in its German domestic market in the third quarter of 2015, compared with EUR 22.4 million in the same period of the previous year. Revenue from Mail Services with consolidation specialist freesort alone increased to EUR 13.6 million, compared with EUR 10.4 million in the previous year. Segment EBITDA increased to EUR 1.4 million from EUR 1.2 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 revenue of EUR 19.9 million with external third parties in the third quarter of 2015 compared with EUR 18.0 million in the same period of the previous year. Positive currency effects and growing demand in the important European markets were reflected in higher revenue. This improved the EBITDA in this segment to EUR 3.6 million for the third quarter of 2015, from EUR 3.4 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 revenue from external third parties came to EUR 1.1 million in the third quarter of 2015, compared with EUR 1.0 million in the same period of the previous year. EBITDA was EUR 4.1 million compared with EUR 1.2 million during the same period of 2014.

SUMMARY OF RESULTS PER SEGMENT

EUR million	Revenue [1]			EBITDA		
	30.7.–30.9.2015	30.7.–30.9.2014	Changes in %	30.7.–30.9.2015	30.7.–30.9.2014	Changes in %
Sales Germany	25.0	22.4	11.6	1.4	1.2	16.2
Sales International	19.9	18.0	10.8	3.6	3.4	5.3
Production	1.1	1.0	11.0	4.1	1.2	227.0
FP Group [2]	46.1	41.8	10.2	6.0	5.5	9.7

SUMMARY OF RESULTS PER SEGMENT

EUR million	Revenue [1]			EBITDA		
	1.1.–30.9.2015	1.1.–30.9.2014	Changes in %	1.1.–30.9.2015	1.1.–30.9.2014	Changes in %
Sales Germany	75.4	69.4	8.6	4.6	4.3	7.3
Sales International	62.6	54.0	16.0	14.6	11.1	31.5
Production	3.1	3.2	-3.1	8.1	4.5	80.0
FP Group [2]	141.3	126.4	11.8	20.3	17.3	17.4

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

FINANCIAL POSITION

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 liquidity in the FP Group 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 30 September 2015, the ratio was 66%, compared with 53% as at 31 December 2014.

LIQUIDITY ANALYSIS

The cash outflow from operating activities amounted to EUR 9.6 million in the first nine months of 2014 compared with EUR 9.8 million in the same period of the previous year. The cash outflow from investing activities reached EUR 13.6 million, compared with EUR 13.8 million in the previous year. For further explanations of the change, see the section "Investment analysis". Free cash flow – the balance of cash inflows from operating activities and cash outflows from investing activities – totalled EUR -0.4 million in the first nine months of the financial year was unchanged from the prior-year period.

The cash flow from financing activities reached EUR 4.8 million in the first nine months of the current financial year, after EUR 4.5 million in the same period of the previous year. Cash and cash equivalents comprise liquid assets and 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

EUR million	1.1–30.9.2015	1.1.–30.9.2014
1. Cash flow from operating activities		
Cash flow from operating activities	9.6	9.8
2. Cash flow from investing activities		
Cash flow from investing activities	–13.6	–13.8
3. Cash flow from financing activities		
Cash flow from financing activities	4.8	4.5
Cash and cash equivalents		
Change in cash and cash equivalents	0.7	0.5
Change in cash and cash equivalents due to currency translation	0.4	1.6
Cash and cash equivalents at beginning of period	14.4	27.1
Cash and cash equivalents at end of period	**15.5**	**29.1**

FINANCING ANALYSIS

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

At the end of the third quarter of 2015, cash and cash equivalents stood at EUR 17.4 million, compared with EUR 16.5 million at 31 December 2014. Liabilities include the financial liabilities to banks of EUR 34.8 million (end 2014: EUR 31.4 million) and liabilities from finance leases of EUR 3.9 million (end 2014: EUR 4.6 million). Besides liquid assets, cash and cash equivalents include EUR 0.8 million (end 2014: EUR 1.0 million) in treasury shares and EUR 0.7 million (end 2014: EUR 0.7 million) in securities, whilst factoring out the postage credit balance of EUR 2.6 million (end 2014: EUR 2.6 million) managed 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 the Digital Mailroom provider.

Investment in the first nine months of 2015 were as high as in the previous year and reached EUR 13.6 million after EUR 13.8 million in the same period of the previous year. Owing to the persistent strong demand for PostBase franking systems, the Company is investing increasingly in future growth in the current financial year as well; this includes investment in development and production, as well as a large number of franking systems for the major leasing markets of the US and France.

In response, investments in leased products and leased products in assets under finance lease relationships rose to EUR 8.1 million, up from EUR 8.8 million in the first nine months of 2014. Investments in property, plant and equipment (excluding leased products and leased products in assets under finance lease relationships) rose to EUR 2.2 million during the same period, up from EUR 1.6 million. The capitalisation of development costs, on the other hand, declined slightly from EUR 3.2 million in the same period of the previous year to EUR 3.0 million.

INVESTMENT

EUR million	1.1.–30.9.2015	1.1.–30.9.2014
Capitalised development costs	3.0	3.2
Investments in other intangible assets	0.3	0.3
Investments in property, plant and equipment (excluding leased products)	2.2	1.6
Investments in leased products	8.1	8.8
Proceeds from the disposal of non-current assets	0.0	-0.1
Investment	**13.6**	**13.8**

FINANCING SITUATION

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 at 30 September 2015 to EUR 156.1 million, up from EUR 142.1 million at the end of 2014. The share of non-current assets in total assets was 56.4% compared to 58.7% at 31 December 2014. In liabilities, equity is benefiting from current consolidated net income. As a result, the equity ratio, the equity to non-current assets ratio and long-term liabilities all increased.

NON-CURRENT AND CURRENT ASSETS

While the value of intangible assets was virtually unchanged at EUR 32.6 million compared to 31 December 2014, there was a clear increase in the value of the property, plant and equipment, which rose to EUR 40.6 million, compared to 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 4.2 million from 31 December 2014 to EUR 23.0 million as at 30 September 2015. The increase to EUR 5.1 million in non-current receivables from finance leases, compared to EUR 2.6 million as part of other assets, is also attributable to the growing volume of sales of PostBase on foreign markets.

Within current assets, the value of the inventories as at 30 September 2015 climbed to EUR 13.6 million as a result of the growth in revenue, compared with EUR 10.0 million on the balance sheet date at the end of 2014. Thanks to consistent receivables management, trade receivables on the other hand remained largely unchanged at EUR 17.6 million after EUR 17.3 million at year-end 2014. The increase in other current assets from EUR 11.2 million to EUR 14.2 million as at 30 September 2015, is largely due to higher tax refunds (EUR 1.1 million) and higher accrued items (EUR 0.5 million).

EQUITY

Due to current consolidated profit, shareholders' equity grew to EUR 33.9 million as at 30 September 2015, up from EUR 30.1 million at the end of 2014. The equity ratio increased to 21.7% from 21.1% at the end of 2014. As at 30 September 2015, the Company held a total of 163,944 treasury shares, corresponding to 1.0% of the share capital. For more information about authorised and contingent capital and conversion and option rights, please see the latest annual report.

NON-CURRENT AND CURRENT LIABILITIES

Non-current liabilities as at 30 September 2015 amounted to EUR 52.3 million, up from EUR 45.0 million at the end of 2014, as the FP Group made more extensive use of financial liabilities to finance the growing volume of business. The ratio of net debt to equity at 30 September 2015 was 66%, compared with 53% at end-2014.

Current liabilities totalled EUR 70.2 million as at 30 September 2015, compared with EUR 67.1 million at the end of 2014. While trade payables declined, other current liabilities climbed to EUR 49.2 million after EUR 44.9 million as at 31 December 2014. Material items in current liabilities include the so-called Teleporto funds from the UK and liabilities related to service contracts invoiced in advance by the Dutch subsidiary. There was a positive exchange rate effect of EUR 1.2 million on Teleporto funds. Service contracts invoiced in advance increased by EUR 1.7 million.

LEASING

The FP Group offers both operating and finance leases. These business models are also reflected in the Company's balance sheet. Non-current assets comprises machines leased under operating lease agreements to FP Group clients. In view of this, EUR 28.7 million is contained in the items "Leased products" and "Assets under finance lease relationships". Finance lease agreements with clients are recognised under "Receivables from finance leases"; non-current and current items came to EUR 7.1 million as at 30 September 2015.

EVENTS AFTER THE BALANCE SHEET DATE

No other significant events occurred after the interim reporting date (30 September 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 is also benefiting from the weaker euro in the current financial year. Considering the positive operational development in the first nine months of 2015, the company therefore raises its forecast for the year. The FP Group now expects revenue of EUR 184 to 188 million and an EBITDA of EUR 27 to 28 million, based on the nine month average exchange rate of US-Dollar 1.11 per euro and excluding one-off effects of the reorganization of the German customer service. The company had previously planned revenue of EUR 173 to 177 million and an EBITDA before this one-off effect of EUR 24 to 25 million, with an underlying exchange rate of US dollar 1.25 per euro. The company expects the EBIT to remain on previous year's level, despite an investment-related increase in depreciation due to higher investment, and sees positive free cash flow for the full year. It forecasts a slight increase in net debt.

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

Interim Consolidated Financial Statements for the first nine months 2015

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1. JANUARY TO 30 SEPTEMBER 2015

EUR thousand	1.1.–30.9.2015	1.1.–30.9.2014	1.7.–30.9.2015	1.7.–30.9.2014
Revenue	141,294	126,436	46,107	41,845
Changes in inventories of finished goods and work in progress	1,981	1,902	1,819	1,062
	143,275	**128,338**	**47,926**	**42,907**
Other own work capitalised	11,147	11,100	3,662	3,534
Other income	2,676	1,566	683	958
Materials expenses				
a) Cost of raw materials, consumables and supplies	27,524	28,085	10,063	9,760
b) Costs for purchased services	40,534	33,800	13,585	11,059
	68,058	**61,885**	**23,648**	**20,819**
Personnel expenses				
a) Wages and salaries	36,211	33,710	12,301	10,602
b) Social security contributions	5,888	5,606	1,838	1,754
c) Expenditure on pension schemes and other benefits	709	616	247	201
	42,808	**39,932**	**14,386**	**12,557**
Depreciation and impairments	12,439	9,425	4,267	3,327
Other expenses	25,926	21,895	8,215	8,533
Net interest income / expense				
a) Interest and similar income	460	350	190	82
b) Interest and similar expenses	1,492	2,038	589	551
	–1,032	**–1,688**	**–399**	**–469**
Other financial result				
a) Other financial income	3,498	1,329	–522	1,177
b) Other financial expenses	3,292	562	–132	410
	206	**767**	**–390**	**767**
Tax result				
a) Tax income	2,732	1,654	401	706
b) Tax expense	5,558	4,130	1,151	1,609
	–2,826	**–2,476**	**–750**	**–903**
Consolidated net income	**4,215**	**4,470**	**216**	**1,558**
Other comprehensive income				
Currency translation for financial statements of foreign entities	2,176	1,588	–215	1,477
of which taxes	46	4	63	27
of which reclassified in consolidated net income	151	66	95	51
Adjustment of provisions for pensions and partial retirement as per IAS 19 (revised 2011)	0	0	–3	0
of which taxes	0	0	0	0
of which reclassified in consolidated net income	0	0	0	0
Other comprehensive income after taxes	**2,176**	**1,588**	**–218**	**1,477**
Total comprehensive income	**6,391**	**6,058**	**–2**	**3,035**
Consolidated net income for the year:	4,215	4,470	216	1,558
of which attributable to the shareholders of the FP Holding	4,048	4,352	226	1,468
of which attributable to non-controlling interests	167	118	–10	90
Comprehensive income:	6,391	6,058	–2	3,035
of which attributable to the shareholders of FP Holding	6,224	6,176	8	2,945
of which attributable to non-controlling interests	167	–118	–10	90
Earnings per share ((undiluted / (diluted, in EUR):	0.25 / 0.25	0.28 / 0.27	0.02	0.10 / 0.09

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2015

ASSETS

EUR thousand	30.9.2015	31.12.2014
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	13,608	16,199
Goodwill	9,147	9,147
Development projects and payments in progress	9,874	7,557
	32,629	**32,903**
Tangible assets		
Land, rights equivalent to real property and buildings	3,188	3,145
Technical equipment and machinery	3,706	3,852
Other equipment, operating and office equipment	3,815	4,288
Leased products	23,047	18,862
Investments in finance lease relationships	5,694	6,387
Advance payments and assets under construction	1,150	508
	40,600	**37,042**
Other assets		
Associated companies	36	36
Other equity investments	163	163
Receivables from finance leases	5,128	2,612
Other non-current assets	240	223
	5,567	**3,034**
Tax assets		
Deferred tax assets	2,774	3,724
Current tax assets	6,689	6,689
	9,463	**10,413**
	88,259	**83,392**
CURRENT ASSETS		
Inventories		
Raw materials and supplies	5,209	4,324
Work in progress	1,365	875
Finished products and merchandise	7,023	4,835
	13,597	**10,034**
	17,593	**17,318**
Trade accounts receivable		
Other assets		
Receivables from finance leases	1,960	1,231
Income tax reimbursement rights	1,329	1,429
Derivative financial instruments	1,285	292
Other current assets	14,225	11,238
	18,799	**14,190**
Securities	**680**	**680**
Liquid assets	**17,413**	**16,519**
	68,082	**58,741**
	156,341	**142,133**

LIABILITIES

EUR thousand	30.9.2015	31.12.2014
EQUITY		
Attributable to shareholders of the parent company equity		
Subscribed capital	16,160	16,160
Capital reserves	34,937	35,032
Stock option reserve	1,010	977
Treasury shares	–810	–1,002
Loss carried forward	–22,414	–24,949
Consolidated net income after minority interests	4,048	5,094
Other comprehensive income	–552	–2,626
	32,379	**28,686**
Non-controlling interests	**1,496**	**1,365**
	33,875	**30,051**
NON-CURRENT LIABILITIES		
Provisions for pensions and similar obligations	17,257	17,354
Other provisions	883	909
Financial liabilities	33,743	25,915
Other liabilities	157	157
Deferred tax liabilities	238	659
	52,278	**44,994**
CURRENT LIABILITIES		
Tax liabilities	3,455	2,564
Provisions	4,299	4,624
Financial liabilities	4,958	5,503
Trade payables	8,241	9,466
Other liabilities	49,235	44,931
	70,188	**67,088**
	156,341	**142,133**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

EUR thousand	1.1.–30.9.2015	1.1.–30.9.2014
Cash flow from operating activities		
Consolidated net income	4,215	4,352
Income tax result recognised in profit or loss	2,826	2,476
Net interest income recognised in profit or loss	1,032	1,219
Depreciation and amortisation of non-current assets	12,439	9,426
Decrease (–) / increase (+) in provisions and tax liabilities	–1,032	–384
Loss (+) / gain (–) on the disposal of non-current assets	381	–1,211
Decrease (+) / increase (–) in inventories, trade receivables, and other assets not attributable to investing or financing activities	–9,988	–6,390
Decrease (–) / increase (+) in trade payables and other liabilities* not attributable to investing or financing activities	3,316	4,587
Other non-cash income	–752	–1,780
Government assistance not yet received	–1,092	0
Interest received	460	350
Interest paid	–1,273	–1,245
Income tax paid	–941	–1,574
Cash flow from operating activities	**9,591**	**9,826**
Cash flow from investing activities		
Cash paid for capitalisation of development costs	–2,887	–3,025
Cash paid for capitalised interest for development costs**	–91	–151
Proceeds from the disposal of non-current assets	0	74
Cash paid for investments in intangible assets	–312	–319
Cash paid for investments in property, plant and equipment	–10,313	–10,396
Cash paid for financial investments	0	0
Cash flow from investing activities	**–13,603**	**–13,817**
Cash flow from financing activities		
Dividend payments to non-controlling interests	–37	0
Cash paid for profit distributions to shareholders	–2,559	–1,263
Cash paid to repay bank loans	–1,492	–1,577
Cash paid to repay liabilities from finance leases	–1,774	–1,448
Cash inflows from taking up liabilities from finance leases	172	719
Cash inflows from disposal of treasury shares	97	331
Cash inflows from taking out bank loans	10,378	7,704
Cash flow from financing activities	**4,785**	**4,465**
Cash and cash equivalents*		
Change in cash and cash equivalents	773	474
Change in cash and cash equivalents due to currency translation	358	1,612
Cash and cash equivalents at beginning of period	14,396	27,060
Cash and cash equivalents at end of period	**15,527**	**29,146**

* Cash and cash equivalents and other liabilities exclude the postage credit balances managed by the FP Group (EUR 2,566 thousand; prev. year EUR 2,598 thousand). Cash and cash equivalents include EUR 680 thousand (prev. year EUR 680 thousand) in securities classified as current assets.

** Change in previous year's comparative figures. For explanations see the section "Selected explanatory notes for the period from 1 January to 30 September 2014" in the audited 2014 consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

						Other comprehensive income					
EUR thousand	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)[1]	Equity attributable to FP Holding	Non-controlling interests	Total
Balance as at 1.1.2014[1]	**16,160**	**35,312**	**781**	**−1,829**	**−22,719**	**−1,517**	**294**	**−1,372[1]**	**25,110**	**764**	**25,874**
Consolidated net income 1.1.–30.9.2014	**0**	**0**	**0**	**0**	**4,352**	**0**	**0**	**0**	**4,352**	**118**	**4,470**
Currency translation of financial statements of foreign entities	0	0	0	0	0	1,548	10	0	1,558	0	1,558
Other comprehensive income 1.1.–30.9.2014	**0**	**0**	**0**	**0**	**0**	**1,548**	**10**	**0**	**1,558**	**0**	**1,558**
Total comprehensive income 1.1.–30.9.2014	**0**	**0**	**0**	**0**	**4,352**	**1,548**	**10**	**0**	**5,910**	**118**	**6,028**
Capital increase	0	0	0	0	0	0	0	0	0	0	0
Capital increase from stock options	0	−323	183	654	0	0	0	0	514	0	514
Dividends	0	0	0	0	−1,263	0	0	0	−1,263	0	−1,263
Other changes	0	0	0	0	−967	0	0	0	−967	532	−435
Balance as at 30.9.2014[1]	**16,160**	**34,989**	**964**	**−1,175**	**−20,597**	**31**	**304**	**−1,372[1]**	**29,304**	**1,414**	**30,718**
Balance as at 1.1.2015[1]	**16,160**	**35,032**	**977**	**−1,002**	**−19,855**	**628**	**254**	**−3,508**	**28,686**	**1,365**	**30,051**
Consolidated net income 1.1.–30.9.2015	**0**	**0**	**0**	**0**	**4,048**	**0**	**0**	**0**	**4,048**	**167**	**4,215**
Currency translation of financial statements of foreign entities	0	0	0	0	0	2,176	−105	0	2,071	0	2,071
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.–30.9.2015	**0**	**0**	**0**	**0**	**0**	**2,176**	**−105**	**3**	**2,074**	**0**	**2,074**
Total comprehensive income 1.1.–30.9.2015	**0**	**0**	**0**	**0**	**4,048**	**2,176**	**−105**	**3**	**6,122**	**167**	**6,289**
Dividends	0	0	0	0	−2,559	0	0	0	−2,559	−36	−2,595
Other changes	0	0	0	0	0	0	0	0	0	0	0
Capital increase from stock options	0	−95	33	192	0	0	0	0	130	0	130
Balance as at 30.9.2015	**16,160**	**34,937**	**1,010**	**−810**	**−18,366**	**2,804**	**149**	**−3,505**	**32,379**	**1,496**	**33,875**

1) For more information about the amendments see Selected explanatory Notes 2.1 on IAS 19 – Employee Benefits.

I. GENERAL PRINCIPLES

1. GENERAL DISCLOSURES

Francotyp-Postalia Holding AG, Berlin (also referred to hereafter as "FP Holding"), is a German stock corporation (Aktiengesellschaft) registered in the Commercial Register of Charlottenburg District Court under HRB 169096 B. The company's registered office is at Prenzlauer Promenade 28, 13089 Berlin, Germany. The interim consolidated financial statements for FP Holding for the reporting period ending on 30 September 2015 include FP Holding and its subsidiaries (also referred to hereafter as the "FP Group" or "Francotyp").

The FP Group is an international company in the outbound mail processing sector with a history dating back 90 years. The focus of the Group's activities is 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 as well as hybrid mail and fully electronic mail communication products via its subsidiaries freesort and Mentana-Claimsoft and majority shareholdings 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 interim financial statements were approved for publication by the Management Board of FP Holding on 19 November 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 30 September 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 30 September 2015. The accounting methods used to prepare these interim financial statements are 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 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 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 Consolidated 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.

One change was made to the consolidated group in the reporting period compared with the consolidated financial statements as at 31 December 2014. Francotyp-Postalia Asia Pte. Ltd., Singapore was deconsolidated as at 30 June 2015. The business activities on Singapore were sold by way of agreement as at 31 August 2015. The company shall be wound up.

2.4 Currency translation

Currencies have been translated at the following rates:

	Closing rate			Average rate	
EUR 1 =	**30.9.2015**	31.12.2014	30.9.2014	**1.1.–30.9.2015**	1.1.–30.9.2014
US Dollar (USD)	1.1215	1.2155	1.3650	1.1147	1.3551
Pound sterling (GBP)	0.7379	0.7788	0.8013	0.7273	0.8119
Canadian Dollar (CAD)	1.5026	1.4075	1.4582	1.4043	1.4822
Singapore Dollar (SGD)	1.5044	1.6059	1.7040	1.5052	1.7042
Swedish krona (SEK)	9.400	9.3982	9.1773	9.3713	9.0407

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 are 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.

The AGM on 11 June 2015 resolved on the distribution of a dividend of EUR 0.16 per share for the financial year 2014. The total amount distributed for the dividend-bearing shares was EUR 2.6 million and was paid out in the second quarter of 2015. The remaining profit was carried forward. The FP Group paid a dividend of EUR 1.3 million in the previous year.

Settlement negotiations were held on numerous occasions with regard to the lawsuit against former Management Board member Heinz-Dieter Sluma. There are signs that a settlement can be reached. Should the negotiations not prove successful, our legal advisers see no reason to amend the current risk assessment.

The PostBase Mini was approved for use in the USA during the reporting period. Sales of the machine were launched on this key market for FP in May 2015. Subsequently, in June 2015, the PostBase Mini was also approved in the Netherlands and Italy.

On 10 July 2015 an adjustment pursuant to section 153 of the German Fiscal Code (AO) (Adjustment of declarations) was issued for freesort GmbH regarding the annual sales tax declarations for the years 2010 to 2013 and amended advance sales tax returns prepared monthly for 2014 and the period from January to April 2015. One of the reasons for this adjustment related to the input tax deduction in Deutsche Post AG's monthly invoices to freesort GmbH. This had been incorrectly recorded in the month in which the service was performed and not – as required by section 15 of the Sales Tax Act (UStG) – once the invoice had been submitted, e.g. during the following month. This correction and the advance sales tax return for May 2015 resulted in a cash payment of EUR 1,338 thousand in July 2015.

With the consensus of the Annual General Meeting on 11 June 2015, the registered office of Francotyp-Postalia Holding AG was transferred from Birkenweder to Berlin. The entry in the commercial register was dated 27 July 2015. The company is recorded in the commercial register of Charlottenburg Local Court under HRB 169096 B.

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

III. EXPLANATORY NOTES

1. NOTES ON 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:

EUR thousand	**30.9.2015**	30.9.2014
Liquid assets	17,413	31,063
Plus securities	680	680
Current liabilities in respect of postage credit balances held	–2,566	–2,598
Cash and cash equivalents	**15,527**	**29,145**

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

	30.9.2015	30.9.2014
Germany	659	660
USA	117	124
UK	96	89
Netherlands	52	55
Canada	39	40
Italy	19	21
Sweden	19	18
Austria	17	18
France	16	15
Belgium	9	8
Singapore	0	9
Total	**1,043**	**1,057**

FUNCTIONAL DISTRIBUTION

	30.9.2015	30.9.2014
Sales Germany	469	470
Sales International	384	397
Production	160	164
Central functions	30	26
Total	**1,043**	**1,057**

3. CONTINGENT LIABILITIES AND ASSETS

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 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

No material events occurred after the balance sheet date.

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.–30.9.2015	A	B	C	D		
EUR thousand	Production	Sales Germany	Sales International	Central functions	Group reconciliation	**Total**
Revenue	72,103	78,890	62,873	1,438	–74,010	141,294
with third parties	3,080	75,401	62,567	0	246	141,294
intersegment revenues	69,023	3,489	306	1,438	–74,256	0
EBITDA	**8,067**	**4,645**	**14,584**	**–2,428**	**–4,562**	**20,306**
Depreciation / Impairments	934	2,082	10,876	76	–1,530	12,439
Interest result	–1,279	–806	–163	–1,065	151	–1,032
of which interest expense	1,894	849	506	679	–2,437	1,491
of which interest income	615	43	343	1,744	–2,285	460
Other financial result	89	0	–248	–24	389	206
Tax result	0	–116	–895	–2,929	1,115	–2,825
Net income	5,943	1,641	2,402	–4,392	–1,378	4,216
Segment assets (at 30.9.)	132,741	39,570	108,807	100,529	–225,306	156,341
Investment	983	1,140	14,450	216	–3,238	13,552
Segment liabilities (at 30.9.)	125,258	31,456	85,091	40,090	–159,431	122,465

1.1.–30.9.2014	A	B	C	D		
EUR thousand	Production 1)	Sales Germany	Sales International	Central Functions 1)	Group reconciliation	**Total**
Revenue	62,499	72,252	55,351	1,918	–65,584	126,436
with third parties	3,180	69,426	53,957	0	–127	126,436
intersegment revenues	59,319	2,826	1,394	1,918	–65,457	0
EBITDA	**4,481**	**4,331**	**11,094**	**–2,076**	**–538**	**17,292**
Depreciation / Impairments	824	1,918	7,524	16	–857	9,425
Interest result	–961	–540	–367	334	–154	–1,688
of which interest expense	1,663	660	540	1,218	–2,044	2,037
of which interest income	702	120	173	1,552	–2,198	349
Other financial result	846	13	–46	–31	–15	767
Tax result	–65	345	–1,159	–1,263	–334	–2,476
Net income	3,477	2,231	1,998	–3,052	–184	4,470
Segment assets (as at 30.9.)	119,571	44,166	91,141	118,374	–219,484	153,769
Investment	948	871	13,551	2	–1,481	13,891
Segment liabilities (as at 30.9.)	114,556	33,795	68,244	54,624	–148,168	123,051

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 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 30 September 2015 would increase by EUR 781 thousand (EUR 927 thousand in previous year). EBITDA for the Sales International segment would have to decrease by the same amount.

EUR thousand	Production 1)	Sales Germany	Sales International	Central Functions 1)	Group reconciliation	**Total**
1.1.–30.9.2015						
Provisions for restructuring	0	0	0	0	0	0
Income from the reversal of provisions	35	156	0	43	–234	0
1.1.–30.9.2014						
Provisions for restructuring	–635	0	0	0	0	–635
Income from the reversal of provisions	38	233	0	86	0	356

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 thousand.

RECONCILIATION

REVENUE

EUR thousand	1.1.–30.9.2015	1.1.–30.9.2014
Sales revenue of the segments A–C[1]	213,866	190,102
Revenue of the Central functions segment[1]	1,438	1,918
Effects from the adjustment of finance leases	246	–127
	215,550	**191,893**
Minus intersegment revenue	74,256	65,457
Revenue as per financial statement	**141,294**	**126,436**

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 thousand.

EBITDA

EUR thousand	1.1.–30.9.2015	1.1.–30.9.2014
EBITDA of the segments A–C[1)]	27,296	19,906
EBITDA of the Central functions segment[1)]	–2,428	–2,076
	24,868	**17,830**
Assessment effects from the reconciliation to IFRS	2,250	2,877
Effects at the consolidation level	–6,812	–3,415
EBITDA Group	**20,306**	**17,292**
Depreciation and impairments	–12,439	–9,425
Net interest income / expense	–1,032	–1,688
Other financial result	206	767
Group earnings before taxes	**7,041**	**6,946**
Tax result	–2,825	–2,476
Consolidated net income	**4,216**	**4,470**

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 thousand.

ASSETS

EUR thousand	30.9.2015	30.9.2014
Assets of Segments A–C[1]	281,119	254,879
Assets of the Central functions segment1	100,529	118,374
	381,648	**373,253**
Capitalisation of development costs under IFRS	19,426	18,463
Effects from the reassessment of goodwill	8,334	7,544
Effects of amortisation of customer lists	–196	–203
Effects from depreciation of software developed in-house	–30	–30
Remaining reconciliations to IFRS	9,115	4,382
	418,297	**403,409**
Effects at the consolidation level (including debt consolidation)	–261,956	–249,639
Assets as per financial statement	**156,341**	**153,769**

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 thousand.

ASSETS BY REGION

EUR thousand	30.9.2015	30.9.2014
Germany	272,842	282,112
USA and Canada	56,830	45,399
Europe (without Germany)	51,978	44,927
Remaining regions	0	815
	381,648	**373,252**
Effects of revaluation under IFRS	36,876	30,389
Effects of amortisation of customer lists	–196	–203
Effects from depreciation of software developed in-house	–30	–30
	418,297	**403,408**
Effects at the consolidation level (including debt consolidation)	–261,956	–249,639
Assets as per financial statement	**156,341**	**153,769**

SEGMENT INFORMATION

1.7.–30.9.2015	A	B	C	D		
EUR thousand	Production [1)]	Sales Germany	Sales International	Central Functions [1)]	Group reconciliation	**Total**
Revenue	26,243	26,186	19,945	480	–26,747	46,107
with third parties	1,117	25,008	19,922	0	60	46,107
intersegment revenues	25,126	1,178	23	480	–26,807	0
EBITDA	**4,078**	**1,394**	**3,606**	**–1,066**	**–1,990**	**6,022**
Depreciation / Impairments	312	734	3,755	31	–566	4,266
Interest result	–443	–432	–25	397	103	–400
of which interest expense	651	450	163	207	–883	588
of which interest income	208	18	138	604	–779	189
Other financial result	–366	0	–20	19	–23	–390
Tax result	0	6	–175	–1,610	1,031	–748
Net income	2,957	234	–369	–2,291	–314	217
Segment assets (at 30.9.)	132,741	39,570	108,807	100,529	–225,306	156,341
Investment	430	321	4,511	100	–878	4,483
Segment liabilities (at 30.9.)	125,258	31,456	85,091	40,090	–159,431	122,465

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 third quarter of 2014 or as at 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR 1 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 thousand.

SEGMENT INFORMATION

1.7.–30.9.2014	A	B	C	D		
EUR thousand	Production [1)]	Sales Germany	Sales International	Central Functions [1)]	Group reconciliation	**Total**
Revenue	19,807	23,319	18,371	640	–20,292	41,845
with third parties	1,006	22,418	17,980	0	442	41,846
intersegment revenues	18,801	901	391	640	–20,733	0
EBITDA	**1,247**	**1,200**	**3,426**	**–872**	**489**	**5,490**
Depreciation / Impairments	278	640	2,680	6	–277	3,327
Interest result	–330	–193	–101	229	–74	–469
of which interest expense	530	214	156	294	–644	550
of which interest income	200	21	55	523	–718	81
Other financial result	836	13	–9	–29	–44	767
Tax result	–63	567	–241	–603	–563	–903
Net income	1,412	947	395	–1,281	85	1,558
Segment assets (at 30.9.)	119,571	44,166	91,141	118,374	–219,484	153,769
Investment	464	584	4,900	0	–715	5,233
Segment liabilities (at 30.9.)	114,556	33,795	68,244	54,624	–148,168	123,051

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 thousand.

RECONCILIATION

REVENUE

EUR thousand	1.7.–30.9.2015	1.7.–30.9.2014
Sales revenue of the segments A–C[1]	72,374	61,497
Revenue of the Central Functions segment[1]	480	640
Effects from the adjustment of finance leases	60	441
	72,914	**62,578**
Minus intersegment revenue	26,807	20,733
Revenue as per financial statement	**46,107**	**41,845**

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 thousand.

EBITDA

EUR thousand	1.7.–30.9.2015	1.7.–30.9.2014
EBITDA of the segments A–C[1]	9,078	5,873
EBITDA of the Central Functions segment[1]	–1,066	–872
	8,012	**5,001**
Assessment effects from the reconciliation to IFRS	950	1,764
Effects at the consolidation level	–2,941	–1,276
EBITDA Group	**6,020**	**5,489**
Depreciation and impairments	–4,266	–3,327
Net interest income / expense	–400	–469
Other financial result	–390	767
Group earnings before taxes	**964**	**2,460**
Tax result	–748	–903
Consolidated net income	**217**	**1,558**

1) FP International GmbH was merged into FP GmbH as at 1.1.2014. 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 30.9.2014: Sales revenue EUR 0 thousand; EBITDA EUR –2 thousand; Segment assets EUR 18,104 thousand and segment liabilities EUR 11,617 thousand.

The goodwill of EUR 9,147 thousand (EUR 9,147 thousand 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 development of the Group for the remaining months of the financial year.

Berlin, 19 November 2015

CDO of Francotyp-Postalia Holding AG

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

Financial calendar

Presentation of the Financial Results for the 3rd Quarter 2015 (telephone conference)	November 19, 2015
Company Presentation German Equity Forum Frankfurt	November 23/24, 2015

Imprint

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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 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 interim 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.

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