ANNUAL REPORT 2008

Francotyp-Postalia Holding AG

YOUR MAIL MANAGEMENT COMPANY

MULTIPLE YEAR GROUP SUMMARY

Figures in accordance with consolidated financial statements	2008	2007	2006	2005
Revenues (Mio. EUR)	142.4	145.1	142.9	136.4
Increase in revenues (%)	–1.9	1.5	4.8	6.4
EBITDA (Mio. EUR)	18.2	25.2	32.2	20.9
in percentage of revenues	12.8	17.4	22.4	15.3
EBITA (Mio. EUR)	3.5	15.3	23.4	12.6
in percentage of revenues	2.5	10.5	16.2	9.2
EBIT (Mio. EUR)	–12.2	–2.9	7.2	–1.6
in percentage of revenues	–8.6	–2.0	4.9	–1.2
Net income for the year (Mio. EUR)	–15.7	–2.8	–0.3	–0.7
in percentage of revenues	–11.0	–1.9	–0.2	–0.5
Cashflow from operating activities (Mio. EUR)	18.7	19.4	18.0	n/a
in percentage of revenues	13.2	13.4	12.6	n/a
Equity capital (Mio. EUR)	14.7	14.7	14.7	4.0
Shareholders Equity (Mio. EUR)	33.6	55.4	60.9	3.3
in percentage of balance sheet total	20.4	29.8	26.1	2.2
Return on equity (%)	–46.7	–5.1	–0.5	–21.2
Debt capital (Mio. EUR)	131.1	130.5	172.5	145.2
Balance sheet total (Mio. EUR)	164.6	185.9	233.4	148.5
Earnings per share (Mio. EUR)	–0.96	–0.18	–0.03	n/a
Employees	1.109	1.092	939	889

[1] Pro forma financial figures of Francotyp-Postalia Holding GmbH, the current Francotyp-Postalia Holding AG

1923
On 11 July 1923 the sales and distribution company Postfreistempler GmbH, Bielefeld, is founded by Anker, Bafra and the Furtwängler Clockfactory.

1925
Postfreistempler GmbH, Bielefeld, is renamed Francotyp GmbH.

1938
The second line in the company's heritage is founded: Freistempler GmbH, Frankfurt/M, later to become Postalia GmbH, is founded by the company Telefon- und Normalzeit (T&N).

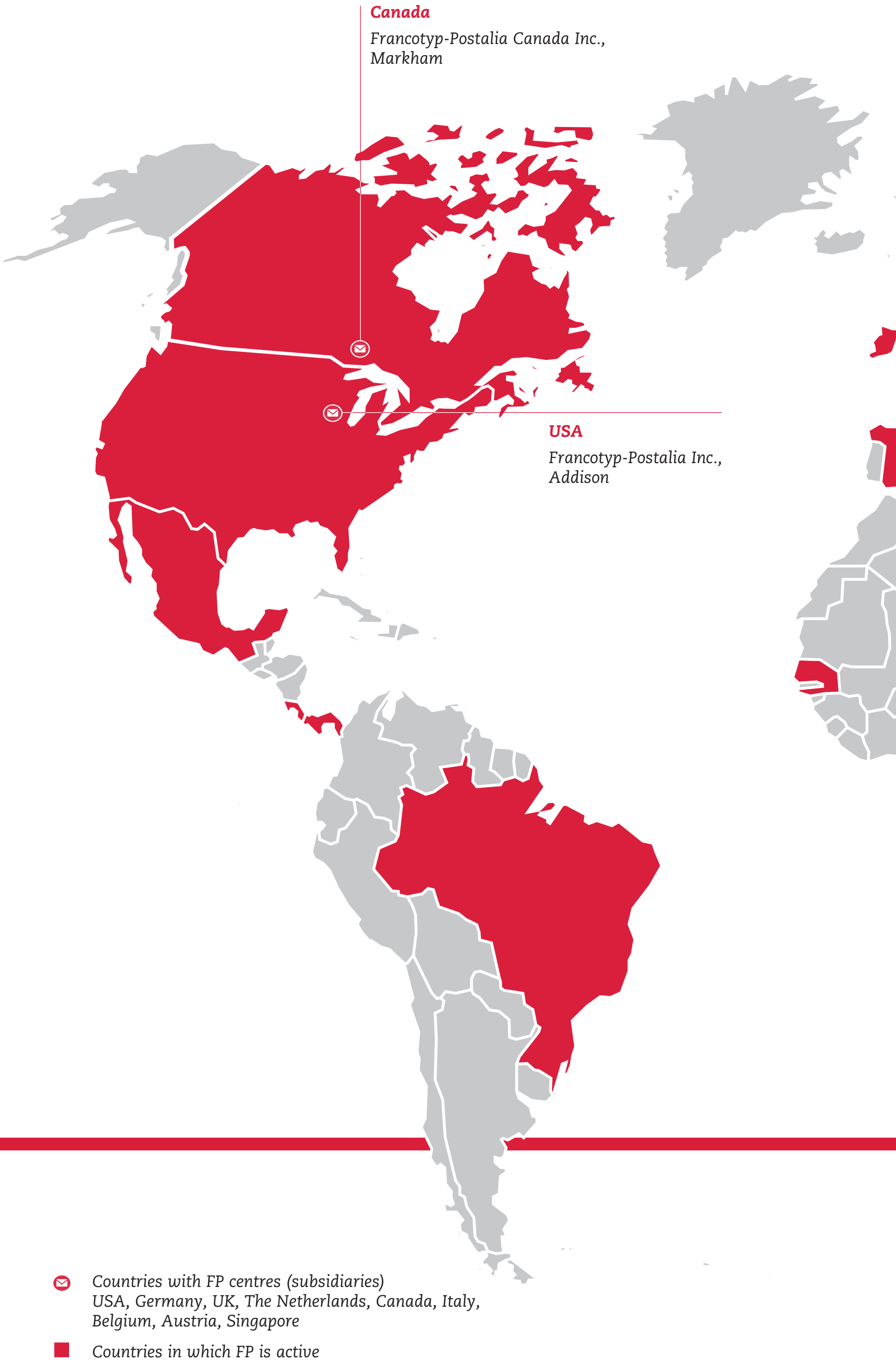
1969
The Anker-Werke, Bielefeld, acquires the shares in Freistempler GmbH from T&N.

1977
Takeover of Francotyp-Postalia GmbH, Berlin, and Postalia GmbH, Offenbach/M, by Bergmann AG, part of the Siemens Group.

1989
Gebr. Röchling KG, Mannheim, takes over the Bergmann Group, and thus Francotyp-Postalia.

1993/94
Merging of the Francotyp-Postalia in the company's new headquarters in Birkenwerder close to Berlin.

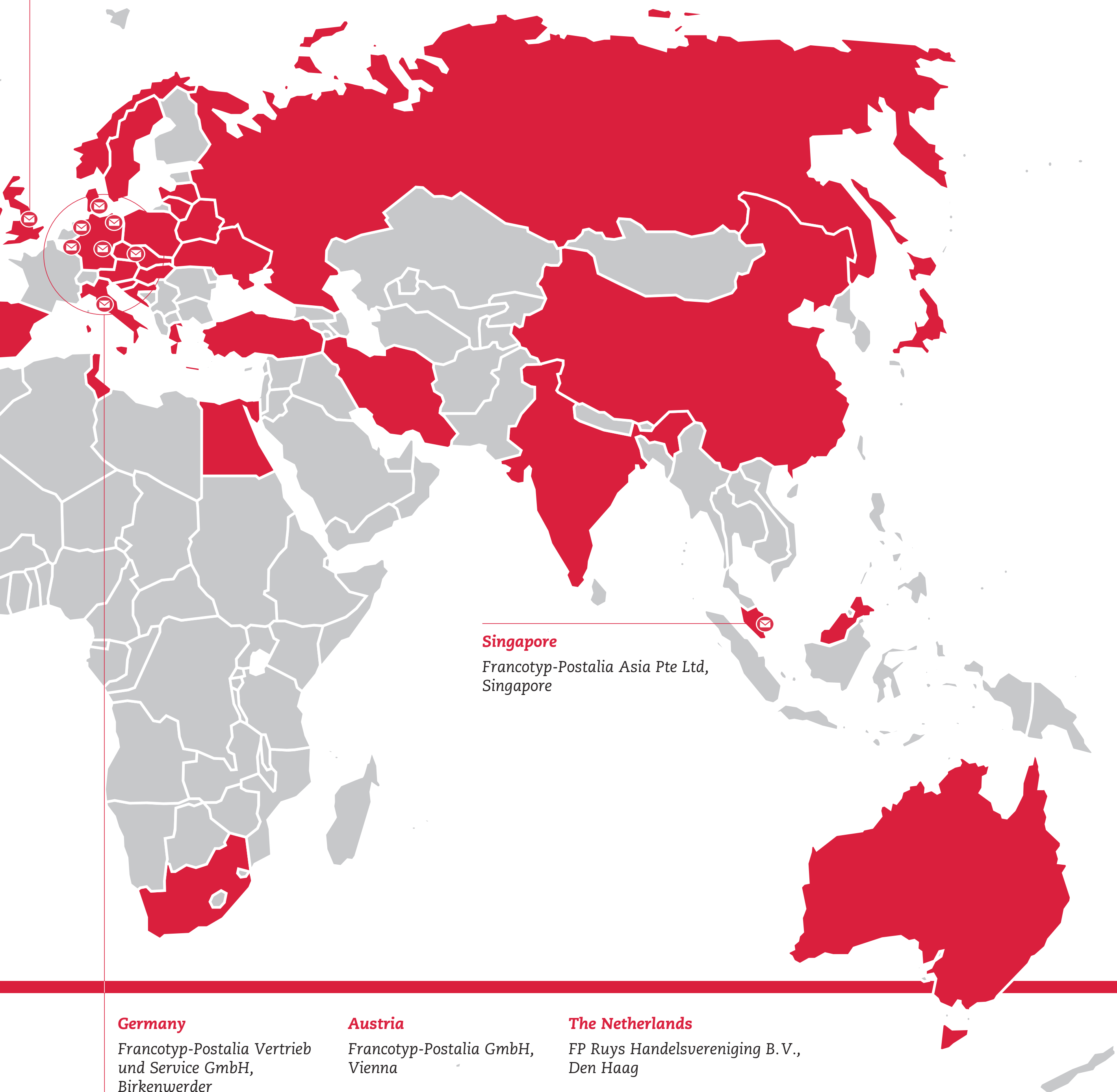
2005
Acquisition of the FP Group by Quadriga Capital and management.



2006
Founding of Francotyp-Postalia Holding AG. Acquisition of the subsidiaries freesort GmbH and iab – internet access GmbH. IPO of Francotyp-Postalia Holding AG shares on 30 November 2006.

United Kingdom

Francotyp-Postalia Ltd.,
Dartford



Singapore

Francotyp-Postalia Asia Pte Ltd,
Singapore

Germany

Francotyp-Postalia Vertrieb und Service GmbH,
Birkenwerder

FP freesort GmbH,
Düsseldorf

FP iab GmbH,
Berlin

Austria

Francotyp-Postalia GmbH,
Vienna

Italy

FP Italiana Audio s.r.l.,
Milan

The Netherlands

FP Ruys Handelsvereniging B.V.,
Den Haag

Belgium

Francotyp-Postalia N.V.,
Zaventem

YOUR MAIL MANAGEMENT COMPANY

Francotyp-Postalia Holding AG – For every need, the right answer.

YOUR MAIL IS OUR BUSINESS

AS MAIL MARKETS HAVE LIBERALISED, SO TOO HAS THE FRANCOTYP-POSTALIA GROUP DEVELOPED, WHILE MAINTAINING ITS TRADITIONAL STRENGTHS IN THE FRANKING MACHINE BUSINESS. ONCE A PURELY MANUFACTURING AND MARKETING OPERATION, THE FP GROUP IS NOW A FULL PROVIDER OF MAIL MANAGEMENT SERVICES DIRECTED AT THE WHOLE MAIL PROCESSING CHAIN.

PROFESSIONAL MAIL MANAGEMENT SAVES TIME AND MONEY

"The FP Group offers businesses of all sizes individually tailored mail management services."

Every day, companies write letters – even in this email age. You know the procedure: the time it takes until the letter gets to the letter box – printing, folding, inserting into an envelope and affixing the stamp. So what does that letter cost, on average – excluding postage? The answer is an astounding EUR 1.38. Yet using modern mail management solutions, 80 percent of that expense can be saved.

That is exactly where the FP Group's mail management products come in. "For every need, the right answer" – that is our mission. Our 85 years of experience tell us that small and medium-sized companies have quite different requirements to large corporations. We believe in individualised, specifically tailored solutions for our customers. So how many letters do you produce each day – 10,200 or even 1,000? Is your mail collected and posted or taken to a deliverer every day? Do you send out monthly invoices or regular high-volume mailings?

In many cases, the key to these solutions centres on our franking and inserting machines. No matter whether the volume is 5 or 2,000 letters per day – using FP machines to process mail saves time and money. In Germany, we can even save our customers the trip to the post office or letter box. We collect your mail, sort it by postcode in our sorting centres, pass it on to the next delivery service and credit you with a rebate on the postage charge. And if you want to fully outsource the management of your outbound mail, we will offer you a service specially tailored to your needs. The result speaks for itself – an average saving of over one euro per letter.

Greater efficiency at lower cost. That is what all the solutions from the FP Group have in common – whether traditional franking machine, or state-of-the-art digital mail processing.

Ernst Holzmann
Vice-President Marketing & Product Management

Deutsche Post
FRANKIT 0,55 EUR
29.01.09 3D010012E4

Hallo FP Team,

We process around 50 letters every day. Without a machine to help us, handling would be a very costly business. Our FP franking machine not only saves considerable time, it also reduces our postal charges. And the irritation of sticking on stamps is gone forever. Plus there's another advantage: the machine prints our company logo or even a message on the envelope. So a letter from us broadcasts our services to the world, whenever anyone just picks it up.

Till Klages

Till Klages, General Manager of SPARKS ADVERTISING in Munich

TYP A

ARE YOU TYP A?

Self-employed people and small companies send out letters every day. If you or one of your employees still stick on stamps by hand you could save a lot of time and money by using a franking machine.

Every letter is also an opportunity to attract attention. That starts with the envelope. Franking and advertising messages give your letters a professional look.

Or perhaps you just want to avoid paying excess postage and save on travel to the post office? Here, too, the FP Group has a simple but effective solution.

A SMALL COMPANY WITH A LOW TO MEDIUM VOLUME OF MAIL

Franking machines store postage electronically and stamp each letter automatically. In some countries, customers can save on postage charges, as their national postal authorities give a rebate on letters stamped by a franking machine.

For small companies looking for a professional mail management option, a starter solution from FP is the answer – such as our opti**mail** 30 franking machine. This machine prints images and individualised text messages alongside the franking. Using the optional scales, this machine will also automatically calculate the postage. And the account can be recharged by downloading postage into memory by modem.

These are the advantages of a franking machine:
– Savings in time and cost when franking
– No excess franking charges or trips to the post office
– Reliable, fast mail processing and letters with a professional look

TYP A

Deutsche Post
FRANKIT 0,55 EUR
29.01.09 3D010012E4

Dear FP Team,

We not only process our customers' daily mail, we also run large mailing campaigns on their behalf. We could not provide this kind of service without the help of powerful machines. That is why we use several franking machines and an inserting machine, all from FP. This allows us to speed up the processing of outbound mail and cut costs. And that benefits our customers, as we can offer our services at attractive prices.

Michael Ulbrich

Michael Ulbrich, General Manager, MEDIA Logistik GmbH, Dresden

TYP B

ARE YOU TYP B?

Many companies and service providers deal daily with hundreds of letters. Franking and inserting machines are ideal products for processing that sort of volume of business mail. These machines greatly ease the workload; letters are inserted and franked quickly without a hitch.

And if you also want to cut out the trip to the letter box, then our new collection and consolidation services for business mail are an attractive option for your company. In Germany, the FP Group collects mail directly from companies with a volume upwards of 250 letters per day. That saves time and costs, as the customer also profits from a rebate on the postage.

A COMPANY WITH A MEDIUM TO LARGE VOLUME OF MAIL

Still folding and inserting by hand? That was yesterday. One answer that will speed things up and cut the workload is our FPi 4030 inserter. This machine can fold and insert over 1,000 letters per day, – including different paper sizes and thicknesses. Combine this with our franking machines and you have a highly professional and efficient mailroom management system. For high volumes we recommend our centor**mail** high-performance franking machine, capable of franking up to 150 letters per minute.

In Germany, we also collect and consolidate business mail. The FP Group collects mail directly from the company, sorts it by postcode, bundles it and then passes it on to a Deutsche Post mail centre or mail delivery provider. Since liberalisation, Deutsche Post gives a rebate of up to 26% on pre-consolidated mail. We pass on part of this rebate to our customers. For businesses, mail consolidation means an additional saving in both time and money.

TYP B

Deutsche Post

FRANKIT 0,55 EUR

29.01.09 3D010012E4

Dear Sir or Madam,

We run an invoicing and after-sales service for the Berlin-based GASAG gas works and twelve other customers. This involves sending out around 3 million letters annually and maintaining contact with some 1.4 million customers. Without a software-based solution we couldn't cope with such a flood of data. That's why we use the FP businessmail solution. This deals with the whole outbound mail procedure – from printing to handover to a delivery agent. That allows us to optimise our processes and guarantees problem-free delivery.

Gisbert Beckmann

Gisbert Beckmann, General Manager, BAS Abrechnungsservice GmbH & Co. KG, Berlin

TYP C

ARE YOU TYP C?

Large companies send out thousands of letters every day – everything from invoices to mailings and adverts. For these companies, digital solutions and the outsourcing of mail management to professional service providers are particularly attractive options.

Your employee writes a letters on a PC and sends it off with just one mouse click. The FP Group does the rest. Our service can deal with all types of printed material in all the usual formats and sizes – from an individualised letter from your employee to individual invoices or mass mailings from your wages department.

Digitalisation your outbound mail will save you considerable time – and money, too.

A COMPANY WITH A VERY HIGH VOLUME OF MAIL

Want to use our digitalisation services? The FP Group takes over your whole outbound mail procedures – from data source to printing, inserting and franking, right up to postage-optimised handover to a delivery agent. We call this innovative complete solution FP businessmail. In addition to printing and delivering outgoing business mail, we offer downstream services such as preparing and processing incoming mail, turning it into electronic documentation.

A study carried out by us shows that it costs German companies expend on average EUR 1.38 per letter – that is in addition to the usual postage charge. Our digital solutions reduce these hidden costs by up to 80 percent.

Numerous companies and public sector institutions already place their trust in our innovative mailstream and mail management solutions. Now is the time for you to profit from the FP Group!

TYP C

MAIL MANAGEMENT

SENDER

Letters are typically produced on a computer. This is where mail management starts. The sender has two options: either to use certain products and services within the processing chain – or to outsource the whole process by choosing an FP full service package.

PRINTING

Once the letter is in final draft it can be printed out. Here again the customer chooses: either to print the document and use FP machines to process the mail – or to use an outsourcing solution from the FP Group.

FOLDING INSERTING

Folding and inserting by hand is awkward and time-consuming. Using an inserter from Francotyp-Postalia turns folding and inserting into a simple one-step procedure. FP systems can even insert several pages at a time automatically and then seal the envelope.

WEIGHING
FRANKING

Sticking on postage stamps by hand wastes time. Franking machines from Francotyp-Postalia store the postage electronically and stamp each letter automatically. Our larger machines use scales which recognise the format, thickness and weight of the letters and automatically calculate the postage.

COLLECTION

After franking the letters are transferred to outbound mail. In Germany the FP Group can now collect letters directly from the company. These customers profit by eliminating the trip to the letter box or mail collection point – saving both time and money.

SORTING
CONSOLIDATION

After collection, the mail will be sorted by postcode and passed on bundled to a Deutsche Post mail centre or a mail delivery agent. Deutsche Post gives a rebate of up to 26% on pre-consolidated mail. The FP Group returns part of this rebate to its customers.

FP SOLUTIONS IN BRIEF

With its products and services, the FP Group covers the whole value-added chain in the outbound mail market. Its products and services range from franking and inserting machines to the collection, sorting and consolidation of outbound mail, as well as electronic mail processing. Quality management plays an important part in all this: our company is certified to DIN EN ISO 9001 and DIN EN ISO 9001:2000. This guarantees high-quality products and services at all times, and has made the FP Group a preferred mail management partner for the corporate world.

FRANKING MACHINES

mymail
Our entry-level solution. Customers can store up to three logos/messages and run three different cost accounts. Optional integrated scales can automatically calculate the right postage.

optimail 30
Ideal for small and medium volumes. This machine uses economic thermo-transfer printing and can store up to six messages. Its large backlit display makes it simple to use.

ultimail 30/60/120
The modular concept provides high speed and maximum flexibility. This franking machine offers storage for up to nine adverts/logos, variable text messages next to the franking, optional scales and up to 150 cost accounts.

centormail 120/150
This is our high-tech solution mail rooms. With its contact-free inkjet printing, this franking machine offers the ultimate in comfort and a wide range of extras for medium to high volumes of outbound mail.

INSERTING MACHINES

FPi 500
Perfect for your office. This inserter processes letters, invoices and mailshots in a snap. It pays for itself from as little as 50 letters per day.

FPi 2000
Simple, fast and reliable. The world's easiest to use inserter ensures professional document processing – from your daily mail to mass mailings.

FPi 4030
This all-rounder offers high flexibility. Being able to process different paper sizes and thicknesses simultaneously makes it the ideal tool for a wide range of inserting work.

FPi 5500
This inserter combines modularity and flexibility. With its intuitive controls, this system is excellently suited for a wide range of operations and can deal with up to ten sheets per letter.

MAILSTREAM SERVICES AND SOFTWARE SOLUTIONS

FP konsomail
Sorting and consolidation. We collect your business mail from the company and deliver it sorted by postal code to the nearest Deutsche Post mail centre or an alternative mail delivery agent. For this service, part of the postage rebate is returned to the customer.

FP webmail
The online solution for letter mail. Using the FP Internet portal, this service allows companies to send their letters at the click of a mouse. The following mail process is all taken care of by the FP Group. This service is open to businesses and private individuals alike, from a single letter upwards.

FP businessmail
Digitalisation of mail management. The complete service for customers with regular outbound mail. The FP Group takes over your whole mail procedures – from data sourcing to printing, inserting and franking, right up to the postage optimised handover to a mail delivery agent.

FP systemmail
A software solution for letter delivery, this is tomorrow's technology today. Designed to deal with both individual and regular business mailing, our system unifies and optimises the flood of data from a host of different systems architectures.

FP inboundmail
Scans and processes incoming documents. By preparing and processing incoming mail, we link the analogue to the digital world, thereby greatly optimising your whole mail processing chain.

YOUR MAIL IS OUR BUSINESS

The Francotyp-Postalia Group is an enterprise with a long tradition. What started up in 1923 with a franking machine business has developed into a successful mail management provider, offering state-of-the-art solutions for the complete mail management spectrum.

Your mail is our business.

But customer orientation means more to us than that – it is our whole corporate philosophy. By this we mean innovative, flexible solutions that simplify your mail processing, connected to full support and after-sales services. Your mail is handled with maximum efficiency – worldwide.

We have unified all our subsidiaries under the common roof of the FP Group. We are a consolidated Group offering all solutions under the successful FP brand.

Our customers place their trust in the FP Group's experience and expertise.

1923

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

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

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

Digitalising, franking, optimising – these three concepts define the strengths of Francotyp-Postalia Holding AG. Likewise, these concepts stand for stability and the future viability of our business model. Taking our traditionally rooted franking machine business as a basis, as mail markets have begun to liberalise we have developed into a provider of mail management solutions. Today, we offer an extensive range of services, providing every customer with an optimal solution for the whole mail processing chain.

The franking business has characterised our company for over 85 years. We support our customers, helping them automate their outbound mail processes, increasing the efficiency of their companies. In view of the fact that over 400 billion letters are mailed worldwide every year, each one needing to be franked, this problem remains as pressing today as it was 85 years ago.

Using our digital solutions, companies can now transmit their correspondence to our printing centre at the click of a mouse button. We print out the letters, insert and frank them and pass them on to a mail distribution centre. Consolidation – the collection and sorting of business mail from companies – is a further major contribution to optimising outbound mail management. We have combined these new services into our Mailstream business – a segment in which the FP Group increased its revenues by 80% in 2008.

This is an area where we are combining years of experience in our traditional Mailroom segment with the innovative strength of our new Mailstream solutions. Our goal remains what it was 85 years ago – to supply solutions for mail processing which increase our customers' productivity.

Increasing numbers of companies now recognise the cost advantages to be gained from optimising and digitalising their mail management processes. Quite aside from the postage charge a study carried out by us based on research results of Bundesnetzagentur, McKinsey and Fraunhofer Institute, shows that a letter today costs EUR 1.38. Our solutions reduce this expense by up to 80% – an argument that is gaining ground daily in view of the global recession.

In the last financial year, we carried out major strategic changes to our business, turning us into a mail management company. Today, the FP Group is in an ideal position to profit extensively from the liberalisation of the mail markets. Here, we must thank all our staff for their active commitment to this vital restructuring process.

Restructuring affected results for the last financial year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) came to EUR 18.2 million, compared to EUR 25.2 million for the previous year. When adjusted for restructuring, EBITDA came to EUR 22.2 million.

The start of the recession and the weakness of the US dollar also had a negative effect on our operative business in 2008. In the last financial year, the FP Group achieved revenues of EUR 142.4 million, compared to EUR 145.1 million euros in 2007. However, looking at revenues adjusted for currency translation, the Group actually experienced slight growth despite the global recession: factoring out currency effects, revenues came to EUR 147.3 million. However, the overall course of business did not live up to the full potential of our business model, so that we cannot be satisfied with financial year 2008.

And 2009 is also set to be a challenging year for the FP Group. Although the initial results of restructuring fall within the framework of our MOVE programme, the global recession is bound to limit investment activity in many companies. With this as a backdrop, we see after-sales business as a major supporting factor. Recurring revenue from consumables and services still accounts for around two-thirds of total Mailroom revenues. And despite the economic downturn, we expect our Mailstream business to continue to grow from consolidation business and the digitalising of outbound mail.

Initially, we are concentrating these new services on our home market, as it is already fully liberalised. However, by 2011 competition between postal

TO THE SHAREHOLDERS

organisations and alternative service providers should be possible throughout the EU. In view of this, we will certainly be offering our services in other countries in the coming years as business customers everywhere are looking for greater efficiency in mail management – and we have the right solutions.

The growing importance of these innovative solutions for outbound mail also shows that our strategic realignment has put the FP Group on the right track. As a provider of mail management solutions, the company can participate in the positive development of the liberalised markets and generate new revenue potential over the medium term.

As the new members of the Management Board of the FP Group, we would like to cordially thank you for your continuing trust in our company. With activities now focusing on franking, optimising and digitalising, together with its new organisation, the FP Group is on the right road to long-term profitable growth.

Birkenwerder, March 2009

Hans Szymanski
Member of the Management Board

Andreas Drechsler
Member of the Management Board

GROUP MANAGEMENT REPORT FOR THE FP GROUP

1. BUSINESS ENVIRONMENT

Business activity and markets

The FP Group has moved from being a producer of franking machines to becoming a mail management provider for outbound mail.

Francotyp-Postalia Holding AG (FP Group), based in Birkenwerder near Berlin, is a global service provider for the outbound mail market. As postal markets are increasingly liberalised, the company has moved from being a producer of franking machines to becoming a mail management provider for outbound mail. The core of the company's business remains franking and inserting machines. But with new services such as collection, sorting and consolidation of outbound mail, as well as electronic hybrid mail solutions, the company is expanding its product portfolio and now covers the entire value chain in the outbound mail market. The FP Group offers tailored mail management solutions to corporate clients of all sizes. The company divides its business into two segments: Mailroom and Mailstream.

The Mailroom segment

In the traditional Mailroom segment the FP Group concentrates on the development, manufacture and sale of franking and inserting machines for small and medium mail volumes. The company also offers related after-sales services and products.

By using franking machines clients can frank large batches of mail automatically in a short space of time. The efficiency of processing outbound mail is increased dramatically as any relevant graphics are loaded directly into the machine, followed by the franking process which automatically stamps the correct value on each item. In some countries customers can also save on postage, as their national post organisations give discounts when mail is stamped using franking machines. All franking machines are certified by the national, legally authorised, public or private postal companies, guaranteeing smooth letter processing. These certificates implicitly include consumables.

Products on offer range from the small mymail machine right up to the centormail. The latter is a full-blown professional franking system, introduced in late 2006. centormail gathers all mailing data in one step, performs individualised printing at the same time and stores all the mailing data for further use in other applications. This machine franks up to 150 letters per minute. An attached sorting module sorts the franked mail according to predefined criteria, thereby further increasing the efficiency of mail processing.

The Group's main revenue generator in the Mailroom segment is its after-sales business with recurring revenues for consumables and services. This includes the sale of tape or ink cartridges, services, i.e. machine maintenance and spare parts, teleporto, i.e. loading the postage into the franking machine electronically, and the stamping business which consists of printing individual logos or writing next to the franking stamp.

With an installed base of some 268,000 franking machines, the company has a global market share of 9.6%.

The FP Group is present with its franking machines in the main markets worldwide, including Germany, the USA and Great Britain. With an installed base of some 268,000 franking machines, the company has a global market share of 9.6%. The FP Group operates via branch offices in eight countries and has dealer networks in 44 countries. The Group is particularly well represented in Germany and Austria, where it has a market share of 44% and 48% respectively.

The fast-growing Mailstream segment

The increasing liberalisation of postal markets presents extensive growth opportunities for the Mailstream segment. Initially, the FP Group is concentrating on the German market, which has been fully liberalised since the beginning of 2008 and where the Group benefits from having developed its expertise in mail management at an early stage. Following flotation, the company acquired freesort GmbH and a majority stake in iab – internet access GmbH in late 2006 for this purpose.

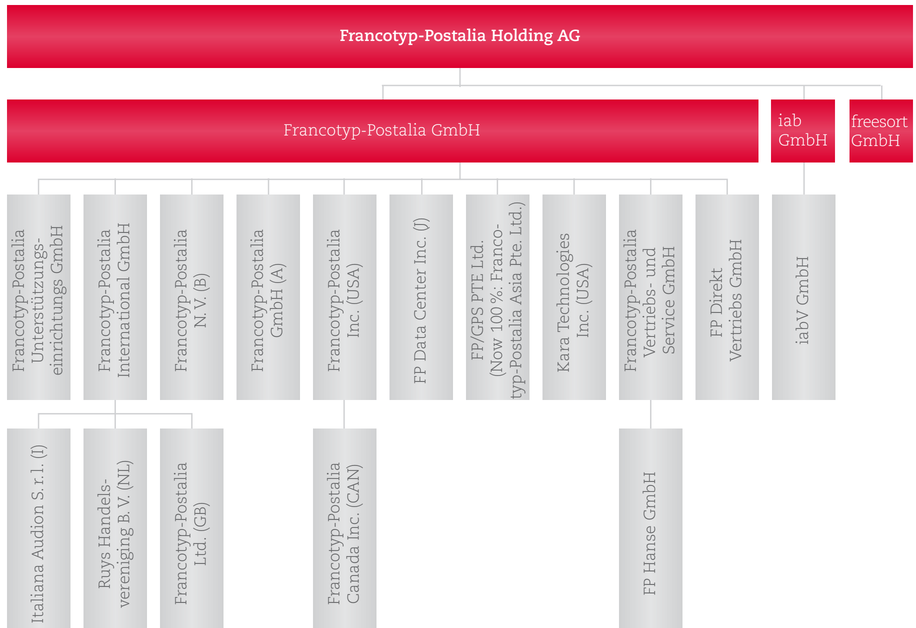
Using the service, companies can increase the efficiency of their outbound mail and save postage at the same time.

With nine branch offices throughout Germany, freesort is one of the leading consolidators of outbound mail in the German market, with reference clients such as Deutsche Rentenversicherung and the Federal Gazette (Bundesanzeiger). The company collects letters from its clients, sorts them by postcode and then delivers them on in batches to a letter centre of Deutsche Post or alternative postal distributor. Using this service, companies can increase the efficiency of their outbound mail and save postage at the same time. This is because since liberalisation Deutsche Post has to give discounts of up to 28%. freesort passes on part of the discount to its customers, creating a win-win situation. iab is a solutions provider that enables the entire outbound mail function to be outsourced using Internet-based software for digital mail processing. With its new products webmail, businessmail, systemmail or inboundmail, iab covers the requirements of the largest and smallest customers. This means that every letter can be posted with just a single mouse click, but is subject to the highest security standards. iab is responsible for printing the letters as well as for inserting, franking and delivering them to the distributor. This means that both business and private customers make major savings in costs and time. Sending the letter digitally from the workplace in one direct step reduces or eliminates expenses for paper, envelope and printer, working time and the trip to the post office or letter box.

Organisation and sites

Francotyp-Postalia Holding AG is the parent company of the FP Group and acts primarily as a holding company. The company holds 100% of the shares in Francotyp-Postalia GmbH; the operating business of the FP Group in the Mailroom segment is combined here and in its direct and indirect subsidiaries. Francotyp-Postalia Holding AG also holds 100% of the shares in freesort GmbH and 51% of iab – internet access GmbH. The Mailstream business is located at these two companies.

The equity interests are shown in the following diagram of the Group structure.



The company's registered offices and the FP Group's largest site is situated at Birkenwerder, near Berlin. This is where the franking machines are developed and manufactured. Head office departments such as accounting, purchasing and Group controlling are also based in Birkenwerder. Global franking machine sales take place via eight subsidiaries in key markets as well as through a tightly meshed dealer network.

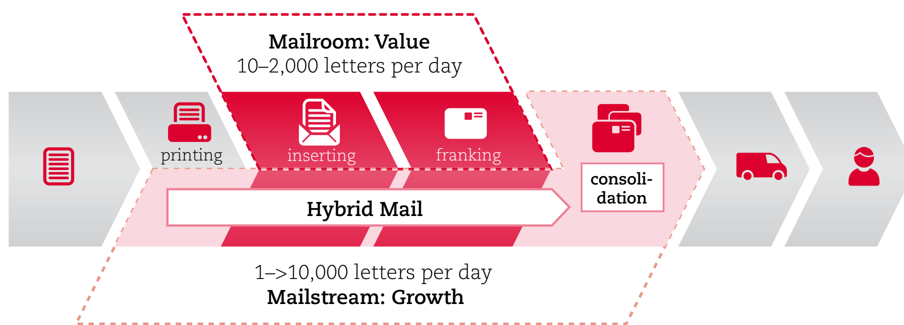
Up to now, sales activities for the Asian/Pacific area have been combined to continue strengthening FP's market position in this region which is showing strong signs of growth.

At the end of 2008, the FP Group assumed responsibility for the remaining 45% of the shares from the joint venture FP/GPS Assembly PTE Ltd. and is now represented as a 100% subsidiary in Singapore. The company was renamed as Francotyp-Postalia Asia Pte. Ltd. Alongside its business activities up to now, its sales activities for the Asian/Pacific area have been combined to continue strengthening its market position in this region which is showing strong signs of growth.

In the Mailstream segment, the FP Group is currently concentrating on the German market; however, the company is planning to internationalise within the next few years.

Strategy

As postal markets are liberalised, the FP Group has become a provider of mail management solutions. Starting with inserting and franking of corporate outbound mail the company has expanded its value chain and now offers printing of outbound mail and processing up to delivery to the letter centre of a distributor, such as the national postal organisation. With its own global sales organisation and its two subsidiaries freesort and iab, FP Group is well positioned.



Within this strategy the company has four lines of attack:

1. Expanding the Mailroom business in traditional markets where market share to date has been low
2. Early entry into new, fast-growing markets such as emerging economies
3. Extending the consolidation business in Germany
4. Exploiting growth opportunities from the switch to new franking methods and new types of outbound mail (hybrid mail solutions and outsourcing)

At the same time, the FP Group is increasingly dovetailing the two segments Mailroom and Mailstream through cross-selling activities.

MOVE Project

In the autumn of 2007, the FP Group introduced its MOVE restructuring project in order to meet the challenges it faces as it develops into a full mail management provider. MOVE focuses on three main areas: the optimisation of research and development, business administration and the supply chain (production and procurement chains). Regarding research and development, this has involved the closer involvement of customers in new projects, as well as the standardisation of individual components. In administration, the company has tightened up business processes, particularly in sales and marketing and the contracts departments, thereby reducing personnel expenses. Simultaneously, new German sales and distribution structures have been introduced to enable the marketing of future complex mail management on a one-stop-shop basis.

Streamlining the supply chain could reduce delivery times by up to 60%, while concentrating logistics at the main Birkenwerder site would mean a 25% reduction in inventory holdings. At the same time, FP was looking for a 20% reduction in the process costs involved in production and dispatch.

With these targets in mind, an outside consultancy specialising in this area was commissioned to help implement the project (SCO). Under the agreement, this company was to provide consultancy support, produce any necessary software, and/or modify and develop existing standard software products in order to meet the FP Group's specific needs. An additional specialist was brought in under a general agreement to help streamline and run certain commercial operations. This involved the FP Group leasing back IT structures and IT operations from that company in order to optimise certain business processes. At the outset of 2009, the SCO Project was reassessed by an outside expert, who subsequently determined that the costs involved bore no reasonable relationship to expected future savings. As a result, FP has decided that while it intends to continue the SCO Project in principle, this will be done in future mainly using own resources. At the same time, FP is sticking to its target to slash delivery times by up to 60% and inventories by around 25%. Regarding the cutting of process costs involved in production and dispatch, savings are now expected to be somewhat lower than envisaged, but still significant.

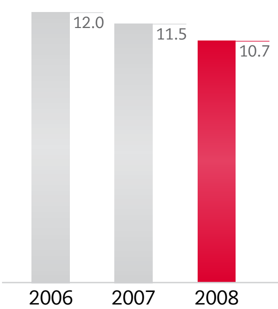
Management

Since 1 December 2008, the FP Group business has been managed by a two-member Management Board which is monitored and advised by a three-member Supervisory Board. The Management Board uses a group-wide reporting system and strategic group planning as its management system. Group planning is drawn up for three years, but reviewed annually during a comprehensive budget process and adjusted on a rolling basis over the year.

As part of group-wide reporting, all subsidiaries report monthly on revenue, earnings and balance sheet figures; these are then consolidated to form the published quarterly and annual reports for the Group. Subsidiaries also provide an assessment of their current and forecast business performance.

Group management takes place by means of the four indicators: free cash flow, revenue and EBITDA as well as net profit for the year and earnings per share. This enables the FP Group to ensure that decisions always take sufficient account of the relationship between growth, profitability and liquidity. Revenue serves to measure success in the marketplace. With earnings before interest, tax, depreciation and amortisation (EBITDA) the Group measures operating performance and the success of individual business units. In addition, the Group uses the EBITDA margin as an indicator which expresses EBITDA as a percentage of revenue.

Reporting on free cash flow ensures that the Group's financial substance is preserved. Free cash flow is calculated as the sum of cash flow from current operations less cash flow from investing activities.



In EUR million

Research and development

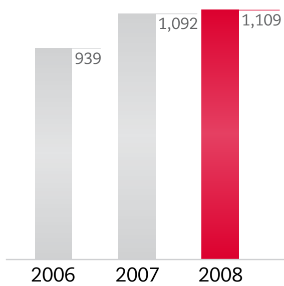
In the past financial year research and development expenses came to EUR 10.7 million. This is lower than the previous year (EUR 11.5 million) and is a mark of success for the MOVE project. EUR 3.7 million of this figure were capitalised in accordance with IAS 38 (EUR 5.8 million in the previous year), and EUR 7 million recognised as expenses (EUR 5.8 million in the previous year).

As a result, the FP Group can now focus its research and development on developing new products and refining existing ones, permanently optimising security and networking machines with appropriate server and software solutions.

The FP Group strives to provide corporate clients in all relevant countries with timely solutions which conform to regulation and fulfil regulators' requirements ahead of time. As the Group continues to develop into a full provider of mail management solutions, the integration of software and server concepts and the development of outsourcing interfaces become increasingly important. Naturally the FP Group complies here, too, with all regulatory requirements and anticipates upcoming changes as much as possible.

After the FP Group brought a new generation of franking machines onto the market in 2007, R&D activities in 2007 focused on ongoing optimisation work. This was supplemented by a range of process innovations for integrating outsourcing and consolidation services into existing solutions.

Employees



Number of employees

Worldwide, the FP Group had an average headcount of 1,109 as of 31 December 2008. At the end of 2008 an average of 405 employees were attributable to foreign subsidiaries (previous year: 421) and 704 to the German companies (previous year: 671). As of close on 31 December 2008, a total of 510 employees based in Germany belonged to the segment Mailroom (previous year: 537) and 198 to the segment Mailstream (previous year: 143). Excellent performance in consolidation at freesort resulted in recruitment of additional staff. In 2007 freesort had 98 employees and in 2008 the figure increased to 149. At iab GmbH, 49 employees were let go on 31 December 2008 (45 in the previous year).

Some 54.36% of the FP workforce had professional qualifications at the end of 2008 and 17.16% had a university degree. By using various training activities, the FP Group ensures that all employees remain up to date. Training in 2008 focused on Microsoft Office user training and technical user training directed at individual specialist fields.

These qualified and committed members of staff are the FP Group's most important resource.

Vocational training is very important at the FP Group, ensuring sufficient recruitment of young staff. In financial year 2008 nine trainees were based at headquarters in Birkenwerder, where they received training as industrial clerks, warehouse logistics specialists and industrial mechanics.

Environmental report and quality management

Protecting the environment and natural resources is becoming increasingly important at both the national and international level. The FP Group sees this as part of a responsibility it systematically assumes towards staff, customers, partners and the general public alike. Responsible usage of resources and materials is at the forefront of our endeavours. Strict environmental criteria are applied to all processes and procedures to ensure that the company complies with all environmental regulations at all times.

Quality management also forms an important part of corporate responsibility at the FP Group. Customers are entitled to high-quality products and services at all times. Following a monitoring audit Francotyp-Postalia GmbH, Francotyp-Postalia Vertrieb und Service GmbH and FP Direkt GmbH obtained certification under DIN EN ISO 9001. iab GmbH is ISO-certified under DIN EN ISO 9001:2000.

Macroeconomic environment

The global economy slowed due to the worldwide financial crisis and the biting recession.

Last year global economic growth to 3.4% compared with 5.2% in 2007 due to the worldwide financial crisis and the biting recession. Over the course of the year important markets for the FP Group were hit by recession. Growth in the USA slowed to 1.1%. This is the weakest growth since 2001. In Germany, GDP expansion also fell to 1.3% in 2008, from 2.5% in 2007. Both the USA and Germany reported negative growth in the final quarter.

These setbacks in growth can be traced back to significantly weaker exports. Although German exports still rose by some 2.8% over the full year 2008 according to statistics from the German Federal Statistical Office, German exports in November 2008 were down by –12.2% – the sharpest fall in trade since reunification compared to the figure for the same month in the previous year.

The sometimes sharp appreciation of the euro against key trading currencies, particularly the US dollar and the pound sterling, also depressed exports. In April 2008, the euro was trading at around 1.60 to the US dollar. After August 2008, the US dollar did regain some ground and with the rate easing against the euro to around US $1.25. However, the global financial crisis spread to the real economy, preventing the depreciation of the euro from benefiting exports. The pound sterling sank continuously against the euro in 2008. At the start of the year one euro cost GBP 0.74 and at the end of the year the rate was GBP 0.96. For exporters to Great Britain, sales were down by around 25% due to the effect of the currency.

Sectoral operating conditions

The weak economy and the financial crisis depressed willingness to invest last year, thereby affecting demand for franking and inserting machines.

The weak economy and the financial crisis depressed willingness to invest last year, thereby affecting demand for franking and inserting machines. Companies postponed investments in new hardware. This trend mainly hit the market for larger machines. Regarding smaller machines on the other hand – known as the A segment – two effects stabilised the market.

1. Companies are replacing larger franking machines with smaller ones.
2. Companies are switching from franking by hand to franking by machine.

While the first effect is being observed mainly in established markets in industrialised countries, developing markets are showing great interest in entry-level models. Traditionally, the FP Group specialises in the A and the B segment for machines with small to medium letter volumes. Regular decertification and introduction of new standards by national postal organisations is also generating additional demand in all three sub-markets. Last year, however, Phase IV of the national decertification programme in the USA did not deliver the anticipated boost to demand. Larger machines were exchanged for smaller ones, while larger clients switched to alternative franking methods. In other markets, especially Denmark, demand increased from existing customers and new customers after the introduction of technical innovation. Even in the Eastern European markets, for example in Russia and the Czech Republic, franking machine business expanded.

Alternative franking methods not only become more popular when decertification takes place; digital postage metering is another particular competitor to the franking machine. This trend mostly affects the C segment of the market in which FP is not active. Nevertheless, for small and medium businesses and for customer correspondence in larger firms, conventional franking scores points in terms of flexibility and image transfer.

The number of letters delivered worldwide has remained stable at around 400 billion.

By contrast, the growing importance of the Internet for business processes has only had a minor impact on demand for franking machines – the number of letters delivered worldwide has remained stable for several years, at around 400 billion according to the Universal Postal Union. The majority of global mail traffic takes place in European and North American markets. In Europe alone, the market for letter services has a volume of some EUR 60 billion according to estimates by the European postal association Postunion e.V.

The increasing liberalisation of postal markets opens up attractive growth opportunities for service providers in this field around the world. In Germany, the postal monopoly was abolished on 1 January 2008. This is the result of a EU directive providing for the liberalisation of all postal markets by 2011 in order to complete the internal market for postal services. This liberalisation enables companies to use alternative offers such as consolidation and outsourcing for their outgoing mail – attractive new markets, like those that already exist in the USA and Great Britain, are developing as a result. In the USA, the outsourcing market for outbound mail now amounts to more than EUR 2.5 billion annually and in Great Britain the figure is EUR 360 million per year. The market for consolidating outbound mail is also expected to attain a volume of more than EUR 130 million per year in Germany alone, of which only a third had been developed by the end of 2007.

2. NET ASSETS, FINANCIAL AND EARNINGS POSITION

Course of business for the Group

In what was a difficult market environment, the FP Group generated revenue of EUR 142 million in financial year 2008, compared to EUR 145.1 million in the previous year. Revenue in the Mailstream segment rose to EUR 15.4 million, compared with EUR 8.5 million in 2007. In the traditional Mailroom segment revenue was below last year's level of EUR 136.6 million at EUR 127 million.

Adjusted for restructuring expenses of EUR 4 million, the FP Group reached an EBITDA of EUR 22.2 million.

Earnings before interest, tax, net financial income, depreciation and amortisation (EBITDA) came to EUR 18.2 million in the reporting year compared with EUR 25.2 million the previous year. Adjusted for restructuring expenses of EUR 4 million, the FP Group reached an EBITDA of EUR 22.2 million.

Income statement items

EUR million	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2007	Change in %
Revenues	**142.4**	**145.1**	**–1.9**
Inventory changes	0.6	–1.0	> 100.0
Other capitalised own work	8.2	12.1	–32.2
Overall performance	**151.2**	**156.2**	**–3.2**
Other operating income	3.1	2.6	19.2
Cost of materials	43.3	45.9	–5.7
Staff expenses	55.3	54.3	1.8
Depreciation and amortisation	30.4	28.1	8.2
Other operating expenses	37.6	33.3	12.9
Operating income before special income and expenditure	**–12.2**	**–2.9**	**< –100.0**
Net interest income/expense	–3.1	–2.6	19.2
Other financial results	–0.4	1.0	< –100.0
Net taxes	0.0	1.7	–100.0
Consolidated Net income	**–15.7**	**–2.8**	**< –100.0**
EBIT	**–12.2**	**–2.9**	**< –100.0**
EBITA	**3.5**	**15.3**	**–77.1**
EBITDA	**18.2**	**25.2**	**–27.8**

Adjusted for currency effects, revenue came to EUR 147.3 million.

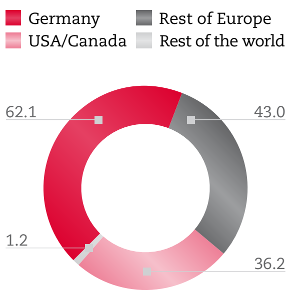
The main reasons for the decline in revenue were the gathering recession in the FP Group's most important markets and adverse exchange rate movements. The weakness of the US dollar, the pound sterling and the Canadian dollar in particular depressed FP Group revenue by EUR 4.9 million in 2008. Adjusted for currency effects, revenue came to EUR 147.3 million.

Also due to the recession, the revenue impact of decertification in the USA was below expectations and the effects of changes in postal rates only made the lower end of forecasts. Denominated in US dollars, the FP Group revenue in the USA was below the previous year's figure of USD 49.9 million at USD 47.3 million.

In Britain, the FP Group was able to increase revenue in local currency terms over the reporting year by 14.1% to GBP 11.4 million compared with GBP 10 million the previous year. During the course of the year the pound lost around 30% of its value against the euro, however.

In the third key foreign market, the Netherlands, revenue came to EUR 14 million, below the previous year's EUR 17.7 million. However, it should be borne in mind that 2007 saw a one-off positive effect on revenue from decertification (NetSet™). A fall in OEM business with large inserting systems from Kern also reduced revenue by 10%.

In 2008 revenue in Germany was well above last year's figure of EUR 56.2 million at EUR 62.2 million. The Mailstream segment accounts for EUR 6.9 million of this increase. Despite the biting recession's effect on revenue, the Mailstream segment remained stable in comparison to other regions. At EUR 46.8 million, it was only slightly below the previous year's figure of EUR 47.7 million. This enabled the FP Group to underline its market leadership in its domestic market with a market share of 43.8% despite the recessionary environment.



In EUR million

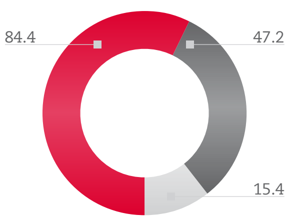
Revenue by region

EUR million	2008	2007
Germany	62.1	56.2
Rest of Europe	43.0	46.5
USA/Canada	36.2	41.0
Rest of the world	1.2	1.3
Revenues	**142.4**	**145.1**

In addition to the effects described above, persistent price pressure on standard products and a stronger trend towards smaller machines also contributed to declining revenue in the Mailroom segment. This led directly to lower revenue from product sales. These came to EUR 45.6 million in 2008 following EUR 51.5 million the previous year. Revenue from franking machines fell to EUR 31.5 million (previous year: EUR 36 million) and revenue from inserting machines was down to EUR 12.6 million after EUR 14.2 million the previous year. The year-on-year drop in revenue from product sales includes negative currency effects of EUR 1.6 million.

Adjusted for exchange rates, recurring revenue held its previous year's level of EUR 84.2 million at EUR 84.5 million. Exchange rates took EUR 3.4 million off the figure. Recurring revenue as a percentage of total Mailroom revenue came to around 64% in the same period.

With consumables and services in particular the FP Group was able to report revenue at the level of the previous year. Revenue from consumables came to EUR 23.6 million in 2008 compared to EUR 23.9 million the previous year. In Services/Customer Service revenue came to EUR 26 million last year compared to EUR 25.8 million in 2007. Rental income was nevertheless well below the previous year's figure of EUR 22.4 million at EUR 19.6 million. One of the main reasons for this was the negative exchange rate effect of EUR 1.5 million, particularly from the US leasing business. Teleporto revenue also fell slightly to EUR 11.9 million (previous year EUR 12.4 million).



Revenues by product and service

EUR million	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2008 Adjusted for exchange rates	1. Jan. to 31. Dec. 2007
Mailroom			
Franking	31.5	32.9	36.0[1]
Inserting	12.6	12.8	14.2
Other	1.5	1.5	1.3
Income from product sales	**45.6**	**47.2**	**51.5**
Rental	19.6	21.0	22.4[1]
Teleporto	11.9	12.2	12.4
Services/Customer Service	26.0	26.9	25.8
Consumables	23.6	24.3	23.9
Recurring revenue	**81.1**	**84.4**	**84.5**
Mailroom revenue	**126.7**	**131.6**	**136.0**
Income from machine sales (in % Mailroom revenue)	36.0%	35.9%	37.9%
Recurring revenue (in % Mailroom revenue)	64.0%	64.1%	62.1%
Exchange rate effect of USD loan	0.3	0.3	0.6
Total Mailroom revenue	**127.0**	**131.9**	**136.6**
Mailstream			
Mailstream revenue	**15.4**	**15.4**	**8.5**
Revenues	**142.4**	**147.3**	**145.1**

[1] Previous year's figure adjusted to show finance lease as sales.

Operating expenses

In the financial year 2008 the cost of materials and services fell to EUR 43.3 million from EUR 45.9 million the previous year. There were two main reasons for this decline: lower revenue from product sales and less own work capitalised. The latter is the result of less need to exchange rental machines due to decertification compared with 2007. The cost of materials and services in relation to revenue was below last year's figure at 30.4% (previous year: 31.6%) which is largely due to less capitalisation of rental products within capitalised own work.

Expenses for raw materials, consumables and supplies were also lower in 2008 than the previous year at EUR 33.2 million, compared with EUR 35.4 million in 2007. The same applies to purchased services, which came to EUR 10.1 million in 2008, compared to EUR 10.5 million in the previous year. This reflects savings of some EUR 0.5 million in the development department as a result of restructuring projects and other savings of around EUR 1.7 million. In contrast, expenses in the Mailstream segment rose by some EUR 1.8 million due to higher volumes.

In the Mailroom segment, staff costs declined by EUR 0.9 million after adjustment for severance pay.

Staff expenses came to EUR 55.3 million for the year (previous year: EUR 54.3 million). These figures include EUR 1.5 million for severance payments in 2008, especially severance pay for Management Board members of EUR 1 million and severance payments of EUR 0.9 million in 2007. Staff were also recruited in the expanding Mailstream segment, resulting in an increase of some EUR 1.2 million in staff costs. In the Mailroom segment, staff costs declined by EUR 0.9 million after adjustment for severance pay.

Other operating expenses rose from EUR 33.3 million in the previous year to EUR 37.4 million. This rise stems largely from one-off expenses of EUR 2.6 million as part of the MOVE restructuring programme and increased expenses of EUR 1.3 million in the growing Mailstream segment. This means that expenses in the Mailroom segment remained roughly stable.

EBITDA

Earnings before interest, taxes, net financial income, depreciation and amortisation (EBITDA) came to EUR 18.2 million for 2008 (adjusted for restructuring expenses to EUR 22.2 million), compared with EUR 25.2 million the previous year. Staff expenses account for EUR 1.4 million of total restructuring costs of EUR 4 million and other operating expenses for EUR 2.6 million.

Negative exchange rate effects depressed earnings overall by EUR 2.7 million. After adjustment for exchange rate effects and restructuring costs, EBITDA for 2008 therefore came to EUR 24.9 million.

In the financial year 2008 the FP Group is disclosing EBITDA without net financial income for the first time. To achieve greater reporting transparency this figure is adjusted to the standard used by publicly listed companies. To facilitate comparison the company has adjusted EBITDA for 2007 accordingly.

Depreciation and amortisation rose in 2008 to EUR 30.4 million compared with EUR 28.1 million the previous year due to extraordinary depreciations.

Depreciation and amortisation

Depreciation and amortisation rose in 2008 to EUR 30.4 million compared with EUR 28.1 million the previous year. This was principally due to an impairment loss on goodwill for iab GmbH of EUR 2.5 million, capitalised own work of EUR 1.2 million and the capitalisation of special projects as part of MOVE for EUR 1.4 million. Amortisation of a non-competition agreement amounting to EUR 2.3 million ended at the end of 2007 and therefore no longer affected the figure for 2008.

Net interest income/expense

In 2008 net interest expense came to EUR 3.1 million, compared with an expense of EUR 2.6 million the previous year. Interest income fell to EUR 2.5 million from EUR 2.8 million the previous year due to declining balances of cash and cash equivalents.

Net financial income/expense

In 2008 the FP Group reported a net financial expense of EUR 0.4 million, compared with net income of EUR 1 million the previous year. This item reflects adverse exchange rate effects as the appreciation of the euro, particularly in the first half-year, led to a net financial expense.

Net taxes

The tax result is made up of tax income of EUR 8.6 million and tax expenses of EUR 4.3 million plus deferred tax expenses of EUR 4.3 million, giving an overall total of EUR 0 million (previous year: EUR 1.7 million).

Consolidated net income

In 2008 consolidated net income before minority interests came to EUR –15.7 million, compared with EUR –2.8 million the previous year. Earnings per share therefore came to EUR –0.96 in comparison with EUR –0.18 for 2007.

COURSE OF BUSINESS BY SEGMENTS

Mailroom segment

In its traditional Mailroom business the FP Group reported revenue of EUR 127 million in 2008, in comparison with EUR 136.6 million the previous year.

The percentage of recurring and therefore sustainable revenue in the Mailroom segment came to around 64% in 2008.

The fall in revenue is the result of adverse exchange rate movements and non-recurring positive effects in 2007 in particular. The latter include the introduction of new technological standards in the Netherlands (NetSet™), decertification in Canada, a change in postal rates in Austria and one-off factors in Italy. A change in postal rates which brought less revenue than the previous year, together with the recession in the USA, also had an adverse effect on revenue for 2008. Business in Germany remained stable. The FP Group responded to these market developments with its restructuring programme MOVE. The percentage of recurring and therefore sustainable revenue in the Mailroom segment came to around 64% in 2008.

The American subsidiary FP Mailing Solutions opened two offices in Los Angeles and Chicago last year in order to expand its direct sales in those regions. In Belgium, Francotyp-Postalia successfully launched its new Digital Postage Mark (DPM) franking machines.

In Germany, the company reinforced its leading position by signing a partnership agreement with Deutsche Post AG. This provides a comprehensive basis for cooperation on the FRANKIT franking machines which enable digital franking. At the same time the company also bolstered its high-margin direct sales in its domestic market. In June 2008 the German sales subsidiary, Francotyp-Postalia Vertrieb und Service GmbH, acquired its former retail partner Mailtec with around 1,700 customers in the Rhine-Main region. The company had already successfully completed the acquisition of the direct sales operation in Northern Germany the previous year.

This strategy did not yet have an effect on earnings in 2008. In addition to the fall in revenue, the MOVE programme and adverse exchange rate movements also depressed earnings in the Mailroom segment, resulting in EBITDA of EUR 17.0 million compared with EUR 26.1 million in 2007. In the years ahead the company expects the MOVE programme to bring earnings improvements in the Mailroom segment.

Mailstream segment

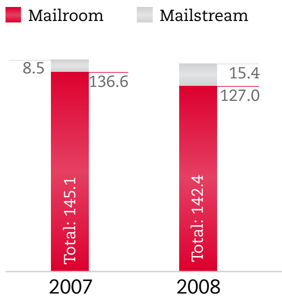
Revenues from postal services such as consolidation and outsourcing nearly doubled to EUR 15.4 million from EUR 8.5 million in the previous year.

The Mailstream segment was only developed in late 2006 and was characterised by high growth rates in 2008. Revenues from postal services such as consolidation and outsourcing nearly doubled to EUR 15.4 million from EUR 8.5 million in the previous year.

The rise in revenue is largely the achievement of the freesort subsidiary. In 2008, freesort processed more than 160 million letters, taking its revenue to EUR 11.2 million compared with EUR 4.8 million the previous year. The outsourcing specialist iab also increased revenue to EUR 4.8 million after reaching EUR 3.7 million the previous year. This increase was below expectations, however. Impairment testing also led to an impairment charge of EUR 2.5 million on goodwill for iab GmbH. The FP Group increasingly offers its services specifically to Mailroom customers, thereby realising synergies between the two segments and driving their convergence towards being a service provider for tailored outbound mail solutions.

Last year the FP Group was present with both its segments at key trade fairs such as Post Expo in London and PostPrint in Berlin. It presented its complete range of services there and met with great interest on the part of companies and public sector organisations.

Rapid growth in the Mailstream segment and the better capacity utilisation this delivered meant that positive EBITDA of EUR 1.2 million was achieved on budget for 2008, compared with a loss of EUR 0.9 million the previous year. The consolidation specialist freesort reported negative EBITDA of EUR 1.3 million in 2007, but in 2008 the company was able to achieve positive EBITDA of EUR 0.7 million. At the same time, iab was also able to improve EBITDA to EUR 0.5 million, compared with EUR 0.4 million the previous year.



In EUR million

Mailroom/Mailstream revenue and EBITDA

EUR million	Revenue 1. Jan. to 31. Dec. 2008	Revenue 1. Jan. to 31. Dec. 2007	Change in %	EBITDA 1. Jan. to 31. Dec. 2008	EBITDA 1. Jan. to 31. Dec. 2007	Change in %
Mailroom	127.0	136.6	–7.0	17.0	26.1	–34.9
Mailstream	15.4	8.5	+81.2	1.2	–0.9	> 100,0
freesort	11.2	4.8	+133.3	0.7	–1.3	> 100,0
iab	4.2	3.7	+13.5	0.5	0.4	+25.0
FP Group	142.4	145.1	–1.9	18.2	25.2	–27.8

Net asset and financial position

Principles and objectives of financial management

Last year the Group secured its medium-term funding by renegotiating its financing arrangements.

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

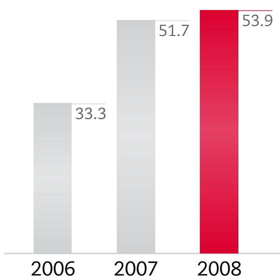
A key management indicator for the capital structure of the FP Group is net indebtedness. This is derived from the relationship between net debt and shareholders' equity. As of 31 December 2008 the figure was 154%; in the previous year the ratio was 92%.

Financing analysis

Financial liabilities went up slightly as of 31 December 2008 to EUR 60.2 million, compared with EUR 59 million the previous year.

To finance its business the FP Group primarily uses cash flow from current operations as well as existing borrowing arrangements with banks. Financial liabilities went up slightly as of 31 December 2008 to EUR 60.2 million, compared with EUR 59 million the previous year. As of the reporting date cash and cash equivalents came to EUR 21.9 million, compared to EUR 26.6 million for the previous year.

When calculating net financial liabilities the FP Group breaks this figure down and subtracts teleporto from cash and cash equivalents. Teleporto consists of customers' credit balances for loading postage into franking machines and is therefore not at the company's disposal. Cash and cash equivalents without teleporto came to EUR 6.3 million as of 31 December 2008, compared with EUR 7.3 million a year previously. This resulted in net financial liabilities of EUR 53.9 million compared with EUR 51.7 million as of 31 December 2007.



In EUR million

Changes in net financial liabilities

EUR million	2008	2007	2006	2005	2004
Financial liabilities	60.2	59.0	74.3	76.0	25.0
Less cash and cash equivalents	–21.9	–26.6	–60.7	–19.4	–17.5
Without teleporto funds	15.6	19.3	19.7	17.4	15.5
Net financial liabilities	**53.9**	**51.7**	**33.3**	**74.0**	**23.0**

Loan agreement

In 2005 Francotyp-Postalia GmbH as borrower and Francotyp-Postalia Holding AG as guarantor signed a loan agreement with BNP Paribas S.A., Frankfurt am Main, for EUR 89.5 million. The loan initially served to finance the purchase price for the acquisition of the FP Group by what became Francotyp-Postalia Holding AG. Of the total loan amount, which was partly drawn down in USD, EUR 69.5 million was for acquisition financing.

The terms of the loan agreement were altered in October 2006, partly with regard to the stock market flotation. Firstly, the lending banks undertook to provide a further loan of EUR 16 million which FP Group used to redeem a shareholder loan. Further, it was agreed that acquisitions could also be financed under the framework agreement in the future. After the flotation the FP Group used EUR 5 million to finance the purchase price for the equity investment in iab. The amounts drawn down under the loan agreement, including lines of credit used for working capital, are to be repaid in full by the fifth anniversary of the stock market flotation at the latest, in accordance with a fixed repayment schedule. In 2008 repayments of EUR 3.6 million were made and EUR 4 million of the existing credit line was drawn down.

Last year the terms of the loan agreement were amended again. Under this new arrangement, the FP Group now has an operating line of EUR 2.5 million (previously EUR 10 million). All securities from the original credit line have been assumed. More details are given in the Notes, part of this financial statement.

Cash flow analysis

The cash flow statement shows changes in cash and cash equivalents at the FP Group due to cash flow from operating activities, investing activities and financing activities.

Cash flow analysis

EUR million	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2007
1. Cash flow from operating activities		
Cash flow from operating activities	18.7	19.4
2. Cash flow from investing activities		
Cash flow from investing activities	–15.8	–34.4
3. Cash flow from financing activities		
Cash flow from financing activities	–3.0	–17.1
Cash and cash equivalents		
Change in cash and cash equivalents	–0.1	–32.1
Change in cash and cash equivalents due to currency translation	–0.2	–1.6
Cash and cash equivalents at beginning of period	7.3	41.0
Cash and cash equivalents at end of period[1)]	**7.0**	**7.3**

1) The postage credit balances managed by the FP Group (EUR 15,614,000; previous year EUR 19,309,000) have been deducted from cash and cash equivalents and other liabilities.

Cash flow from operating activities came to EUR 18.7 million in 2008.

Cash flow from operating activities came to EUR 18.7 million in 2008; and achives nearly the same level as in the previous year when the figure was EUR 19.4 million. Net working capital, i.e. inventories plus trade receivables less trade payables, amounted to EUR 27.3 million as of 31 December 2008, after EUR 33.4 million in 2007.

Cash flow from investing activities came to EUR 15.8 million in financial year 2008. Including cash outflows for company acquisitions the figure for 2007 was EUR 34.4 million and without these it was EUR 17.3 million.

Cash flow from financing activities amounted to EUR -3.0 million compared with EUR -17.1 million in 2007. This is largely due to lower cash outflows for repayment of bank debt and the absence of cash outflows for the stock market flotation. On the other hand, cash was used for dividend payments to shareholders and to purchase treasury shares. Repayment of bank loans of EUR 3.6 million was offset by cash inflow from bank borrowing of EUR 4.0 million.

Investment analysis

Capital expenditure

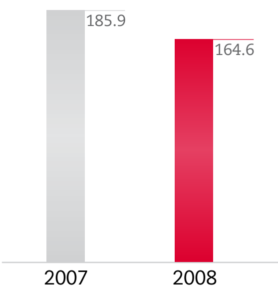
EUR million	2008	2007
Capitalised development costs	3.7	5.8
Investment in intangible assets	3.8	1.6
Investment in property, plant and equipment	3.6	3.6
Investment in leased products	4.9	6.4
Investment in financial investments	0.0	0.1
Capital expenditure	**16.0**	**17.5**

Capital expenditure by the FP Group declined in 2008 to EUR 16.0 million following EUR 17.5 million the previous year.

Capitalised development costs sank in 2008 to EUR 3.7 million compared with EUR 5.8 million the previous year, as last year the FP Group was already able to benefit from savings in the development field from the restructuring project MOVE and dedicated more development capacities to increasing the quality of products already in the market.

Investment in leased assets also fell sharply in 2008. One of the main reasons for this is the absence of the replacement effect from decertification in Canada and the Netherlands in 2007.

The opposite trend was visible for investment in intangible assets, which went up largely as a result of capitalisation in connection with the acquisition of the customer base from Direkt Express Brief AG by freesort GmbH and the capitalisation of new software installed as part of MOVE to optimise the production and supply chain. This software was completely amortised as of 31 December 2008. Together, these items increased investment in intangible assets to EUR 3.8 million compared with EUR 1.6 million in 2007.



In EUR million

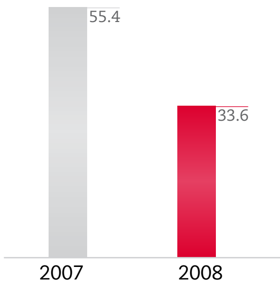
Asset situation

The balance sheet as of 31 December 2008 is characterised by a reduction in current assets, non-current assets and equity.

Compared with 31 December 2007 total assets shrank by EUR 21.3 million to EUR 164.6 million. Non-current assets declined as a proportion of total assets from 59.9% to 59.4% and the equity ratio went down from 29.8% to 20.4%. At the same time as of 31 December 2008 the ratio of current assets to current liabilities was 116.0%.

Within the current assets raw materials, consumables and supplies declined from EUR 8.5 million to EUR 5.5 million. Securities held at EUR 0.7 million are used by freesort GmbH as a cash deposit for a guarantee towards Deutsche Post AG. Cash and cash equivalents sank from EUR 26.6 million to EUR 21.9 million.

Within the non-current assets intangible assets declined as of 31 December 2008 from EUR 76.7 million to EUR 61.3 million, principally due to the amortisation of assets which were capitalised in the consolidated accounts in connection with company acquisitions. In addition impairment charges of EUR 5.1 million were recognised, of which EUR 2.5 million were for goodwill at iab GmbH, EUR 1.4 million for the reorganisation of the SCO project and EUR 1.2 million on research and development projects. Property, plant and equipment declined from EUR 23.3 million the previous year to EUR 22.1 million as of 31 December 2008. Equipment under finance leases rose, however, from EUR 3.4 million to EUR 4.8 million for additional sorting equipment at freesort. There was a decline in leased products from EUR 12.3 million to EUR 11.4 million. In the USA some of the machines were reclassified as inventory which in turn explains the rise in unfinished goods and services from EUR 1.6 million to EUR 2.1 million.



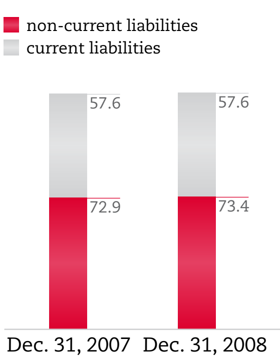
In EUR million

Shareholders' equity

Shareholders' equity sank from EUR 55.4 million to EUR 33.6 million as of 31 December 2008. This is principally due to the consolidated net loss after minority interests of EUR 13.8 million, the dividend payment of EUR 2.2 million and the purchase of treasury shares for EUR 1.3 million in the course of the share buy-back programme. Minority interests declined by EUR 2.0 million and other comprehensive income fell by EUR 2.3 million, of which EUR 1.1 million stems from revaluation of financing arrangements in foreign currencies within the FP Group as of the reporting date.

As of 31 December 2008 Francotyp-Postalia Holding AG's share capital came to EUR 14,700,000, divided into 14,700,000 non-par bearer shares. No shares have been issued with special rights. In the course of the share buy-back programme the company purchased a total of 370,444 treasury shares until the end of 2008, corresponding to 2.52% of share capital.

Further information on authorised and contingent capital as well as on conversion and option rights can be found in the Management Board's explanatory report in accordance with Section 15, paragraph 4 of the German Commercial Code (HGB) in conjunction with Section 120, paragraph 3, sentence 2 of the Stock Corporation Act (AktG).



In EUR million

Liabilities

Last year non-current liabilities rose from EUR 72.9 million to EUR 73.4 million as the FP Group increasingly took on non-current financial liabilities while the amount of deferred tax liabilities declined.

Non-current liabilities did not change year on year, coming to EUR 57.6 million as of 31 December 2008. Trade payables went up from EUR 4.6 million at year-end 2007 to EUR 7.5 million. Current financial liabilities fell in contrast from EUR 6.1 million to EUR 4.2 million as of 31 December 2008.

The ratio of net financial liabilities to equity (gearing) rose due to these changes to 160.4% at year-end 2008 compared with 93.3% a year earlier.

Significant events affecting the course of business

The very weak economy, especially in the second half-year, and effects in the exchange rate weighed on the earnings situation at the FP Group.

At the beginning of the financial year 2008 it was not apparent how fast and how severely the recession would impact on the FP Group's main sales markets. The very weak economy, especially in the second half-year, the volatile US dollar, the feeble pound sterling and the equally limp Canadian dollar therefore weighed on the earnings situation at the FP Group last year. Internally, the restructuring of the Mailroom segment and the corresponding MOVE programme were also onerous.

Comparison between actual and forecast course of business

The revenue forecast drawn up with the preliminary figures for 2007 and published on 26 February 2008 assumed revenue of between EUR 150 million and EUR 160 million for the full year 2008. When the half-year figures were presented on 28 August 2008 the FP Group adjusted the revenue expectations to a range of EUR 140 million to EUR 150 million. This was due to the weakness of the US dollar and the American economy, faltering growth worldwide and the contingent slow performance in the Mailroom business as well as the weaker performance of the FP subsidiary iab. When the nine-month figures were presented on 10 November 2008 the FP Group sharpened its revenue forecast again to EUR 140–145 million. The company achieved this forecast with revenue of EUR 142.4 million.

As the revenue forecast was adjusted when the half-year figures were published, the company also adjusted the forecast for EBITDA. At this point the FP Group was expecting EBITDA of between EUR 22 million and EUR 24 million, compared with the previous estimate of EUR 22–26 million. Accounting for restructuring costs of EUR 2.0 million, the FP Group was planning EBITDA of EUR 20–22 million in August. In view of the turmoil resulting from the financial market crisis the company corrected its earnings forecast again slightly when the nine-month figures were presented. The forecast for EBITDA before restructuring was EUR 21–22 million. With EBITDA adjusted for restructuring of EUR 22.2 million the company is slightly above its last forecast.

Overall statement on the course of business in 2008

By realigning and restructuring the company the FP Group laid the foundations for strengthening the operating business sustainably in the years ahead.

Business did not go as expected in 2008. However, by realigning and restructuring the company the FP Group simultaneously laid the foundations for strengthening the operating business sustainably in the years ahead. The Management Board systematically oriented the FP Group towards the mail management business. By dovetailing the Mailroom and Mailstream segments and turning itself into a solutions provider the company is improving its market position. The response from clients and corresponding new orders in 2008 confirmed the FP Group in this strategy.

3. REPORT ON OPPORTUNITIES AND RISKS

Opportunity and risk management system

The Management Board has set up an integrated risk management system for this purpose which is embedded in the Group's existing organisational structures.

All entrepreneurial activity involves opportunities and risks. Effective risk management is therefore a major success factor for the Group. The FP Group's risk policy is aimed at securing the company's existence and systematically and continually improving its competitiveness. The risk strategy is based on an assessment of risks and the opportunities that go with them. The Management Board has set up an integrated risk management system for this purpose which is embedded in the Group's existing organisational structures.

The management of risks and opportunities are closely linked at the FP Group. Opportunities are potential positive divergences from planned results. The company primarily derives its opportunities management from its strategic goals. In this way it arrives at an appropriate balance between risks and rewards.

Operating management in the business segments and the subsidiaries is responsible for the early and regular identification, evaluation and organisation of opportunities. The Group therefore looks closely at detailed market and competitive analyses, forecast scenarios, relevant cost drivers and critical success factors affecting the company, including those in the political arena. Concrete potential opportunities specific to the segments are then derived from these.

The FP Group continually and systematically identifies both external and internal risks for all business segments and subsidiaries. The Management Board and senior management analyse and evaluate potential areas of risk, including the probability that risks will materialise and the amount of potential losses. For the purposes of managing risks within the company and defining areas of responsibility the risks are also allocated to the following categories:

Areas of risk

1. Market risks

Economic conditions
Legislation and politics
External events

2. Strategic company risks

Strategies/Company management
Market/Competition

3. Performance risks

Company management/Technology/Environment
Personnel
Legal/Contracts/Insurance
Purchasing
IT

4. Financial risks

Accounting
Controlling

The Group has drawn up a risk map based on the results of the classification and allocation of risks to segments. For Francotyp-Postalia Holding AG and its subsidiaries market risks, strategic risks, performance and financial risks have been identified.

In accordance with statutory requirements this risk management system provides the basis for information to and decisions by the Management Board.

Registration and allocation of risks takes place in line with the business areas and responsibilities defined in the Group's organisational structure. This means that the responsibilities, information and reporting systems in place are integrated into the risk management system. The risk management system is therefore developed from the Group's basic processes and responsibilities and makes use of established reporting lines. A risk manager has been appointed to coordinate the entire risk management system (adjustments, refinement of risk areas, preparing meetings and minutes, reporting, etc). In accordance with statutory requirements this risk management system provides the basis for information to and decisions by the Management Board which in turn uses it to inform the Supervisory Board and company shareholders about the company's current performance and any changes in risks.

Market risks

Macroeconomic risks

The main risks for the FP Group stem from general economic influences and exchange rate risks. The company generates around one-third of its total revenue in the USA, Canada and Great Britain.

The company's history over more than 85 years has always demonstrated that economic cycles can be mastered.

The international financial crisis is depressing macroeconomic development, particularly in the USA and other industrialised countries. If the economic and fiscal steps taken do not contribute to improving the situation, the risk of a longer recession increases. The consequences would be declining investment, rising unemployment and lower consumption. As the FP Group is exposed to a certain extent to its customers' cyclical investment behaviour, it would be affected by an economic downturn. The company's history over more than 85 years has always demonstrated that economic cycles can be mastered, however. Moreover, in 2008 some 60% of FP Group revenue consisted of recurring income, which is much less affected by economic swings than new business.

Sector-specific risks

The EU directive on further liberalisation of the market for Community postal services (Directive 2002/39/EC) governs the opening of the European letter market to competition. The necessary transposition of the directive into national law is expected to result in several providers of postal services operating on national postal markets in future.

The German postal market was already fully liberalised as of 1 January 2008. The German Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railways (Federal Network Agency) has now issued several hundred licences to various providers of postal services. It cannot be ruled out that in the course of liberalisation in Germany new providers will extend their services to areas reserved exclusively to Deutsche Post AG (DPAG) until the end of 2007, gain market share from DPAG and deliver their mail without postage stamps which could reduce the overall need for franking machines. One potential factor in the development of a liberalised postal market in Germany is the current legislative debate on adopting VAT for postal services. The government white paper is currently due to be debated in parliament in March.

This development can also take place in other European and international postal markets where Francotyp-Postalia operates. This could have significant adverse effects on the company's business and on its net asset, financial and earnings position.

The FP Group has created the conditions allowing it to benefit from this liberalisation in the future.

The deployment of new technologies in the outbound mail market and an increase in private letter distributors can also lead to a fall in demand for franking machines. As with a shift in the market towards smaller franking machines this can lead to changes in market shares and alter pricing structures. This risk is matched by an opportunity, as the FP Group participates in liberalisation via its subsidiaries freesort and iab. By merging its traditional franking and inserting business with mailstream solutions such as consolidation, outsourcing and hybrid mail, the FP Group has created the conditions allowing it to benefit from this liberalisation in future.

In this context current developments at private postal service providers need to be watched closely. The introduction of a minimum wage for postal workers has had a powerful effect on the liberalisation process and reduced competitive pressure in letter delivery. At this point, the upcoming amendment in cooperation with the exemption from VAT for universal services in the postal sector is being awaited.

In the area of centralised communications, an important business for iab GmbH, the Group is also witnessing increasing numbers of competitors. The FP Group counters this risk by increasingly dovetailing the Mailroom and Mailstream businesses and thereby bundling the potential of the Francotyp-Postalia Group.

Strategic company risks

The FP Group aims for profitable and sustainable growth. This criterion is therefore the fundamental yardstick for capital expenditure and the acquisition of companies or equity investments in them. Strategic company risks can arise when expectations, relating to investments or acquisitions for instance, are not met. The company limits these risks by early analyses of risks and opportunities, if necessary with the support of external advisers.

Performance risks

Procurement risks

FP uses appropriate monitoring and control systems to guard against corporate and performance risks.

Supplier failures and delivery bottlenecks for special raw materials, consumables or supplies can lead to potential procurement risks. The FP Group minimises these risks by careful selection of suppliers, long-term supply contracts and quality standards. The company considers the overall procurement risk to be low.

Technical production risks

The company identifies production risks in advance by the use of monitoring and control systems. The risks are reduced by means of numerous quality control measures, certification and permanent refinement of equipment and products. In view of these precautionary measures the company considers the potential for production risks to be moderate.

Technical information risks

The company deals with potential IT risks by using modern hardware and software in line with current security standards. IT systems are reviewed regularly to ensure that business processes are carried out securely. The FP Group considers information security risk or risks from the information technology in use to be low.

Personnel risks

Competent, committed staff are a key factor in the FP Group's successful development. There is a risk of not being able to find these high-performing individuals for vacant positions or of not being able to retain them. Important positions are regularly assessed in terms of forward-looking succession planning and suitable candidates are prepared for these responsibilities. Overall, personnel risks are considered to be low.

Financial risks

The Group's risk management system takes account of the unpredictability of financial markets and is aimed at minimising any adverse effects on the Group's earnings position.

In the course of its business the FP Group is exposed to certain financial risks, including those of currency fluctuations, interest rate changes and defaulting debtors. The Group's risk management system takes account of the unpredictability of financial markets and is aimed at minimising any adverse effects on the Group's earnings position. To achieve this goal the Group makes use of certain financial instruments. These are generally used to hedge existing or planned underlying transactions.

The framework, responsibilities, financial reporting and control mechanisms for financial instruments are laid down in internal Group regulations. These include a separation of responsibility between recording and controlling financial instruments. Currency, interest rate and liquidity risks for the FP Group are managed centrally. The company therefore considers the financial risks to be controllable.

Currency risk

Currency risks from anticipated future cash inflows in US dollars are hedged by using them to repay a loan taken out on 20 April 2005 which is also denominated in US dollars.

Interest rate risk

The risk of changes in market interest rates results primarily from non-current liabilities with a floating rate of interest. Under the terms of the main lending agreement with the financing banks the Group had hedged around 50% of the outstanding loan amount under this agreement against interest rate risks as of the reporting date.

On 18 June 2007 an interest rate swap was closed in US dollars for a nominal amount of USD 18.1 million, maturing on 30 November 2011. The reference amount decreases over the duration in line with the scheduled repayment of the loan under the lending agreement. Under this interest rate swap the Group swaps floating 6-month Libor interest against a fixed rate of 4.29% p.a. The market value of this instrument is measured on the balance sheet date using the quoted price from the counterparty.

As of 30 June 2006 euro amounts were also hedged using two interest rate caps. As of 31 December 2008 the reference amounts are EUR 12.0 million and EUR 5.1 million, each with caps of 3.50% p.a. and base interest rates of 6-month Euribor. There is no direct interest rate risk for the duration of the hedging transactions (four and five years respectively).

Default risk

Credit scores or references are obtained for all the contractual relationships on which original financial instruments are based and historic data from the prior business relationship, especially payment history, are used to avoid defaults.

The carrying amount of financial assets represents the maximum default risk in the event that counterparties cannot fulfil their contractual payment obligations, irrespective of any collateral. Depending on the type and amount of the transaction, collateral is required and credit scores/references are obtained for all the contractual relationships on which original financial instruments are based and historic data from the prior business relationship, especially payment history, are used to avoid defaults. Credit insurance is used for trade receivables and in addition the identifiable default risks of individual receivables and the Group's general credit risk are covered by appropriate write-downs. For other financial assets, such as cash and cash equivalents, available-for-sale financial instruments and certain derivative financial instruments, the maximum credit risk on default is equivalent to the carrying amount for these instruments.

Liquidity risk

The Group deals with liquidity risk by means of a liquidity forecast with a fixed planning horizon for the whole Group and available, unused credit lines.

In accordance with the lending agreement with the banks the Group has to maintain certain financial ratios based on EBITDA and net indebtedness. At the end of 2008 this financial ratio was adjusted to the current circumstances of FP Group after negotiations with the banks involved. Further negotiations with the banks involved would be necessary if the financial ratio is not maintained in future. In view of the current crisis in financial markets this would involve uncertain risks.

Overall statement on the risk situation of the Group

No risks can currently be identified which could lead to a lasting, significant impairment of the net asset, financial or earnings position of the FP Group.

Taking the extent of possible losses and the probability of their occurrence into account, no risks can currently be identified which could lead to a lasting, significant impairment of the net asset, financial or earnings position of the FP Group. In organisational terms the company has met the necessary conditions to be informed in advance of potential risk situations.

4. EXPLANATORY REPORT BY THE MANAGEMENT BOARD IN ACCORDANCE WITH SECTION 315 PARAGRAPH 4 HGB TOGETHER WITH SECTION 120 PARAGRAPH 3 SENTENCE 2 AKTG

The FP Group makes the following mandatory disclosures in accordance with Section 315 paragraph 4 HGB. These are all terms in common use at publicly listed companies and are not intended to hinder an attempted takeover.

Disclosures in accordance with Section 315 paragraph 4 No. 1 HGB (Subscribed capital)

On 31 December 2008 the share capital of Francotyp-Postalia Holding AG came to EUR 14,700,000. It is divided into 14,700,000 shares. As of 31 December 2008 370,444 of these shares had been bought back.

Disclosures in accordance with Section 315 paragraph 4 No. 2 HGB (Restrictions relating to voting rights or the transfer of shares)

Each share entitles the bearer to one vote. There are no restrictions relating to voting rights or the transfer of voting rights. The Management Board of Francotyp-Postalia Holding AG is not aware of any restrictions which may result from agreements between shareholders.

Disclosures in accordance with Section 315 paragraph 4 No. 3 HGB (Direct or indirect interests in share capital exceeding 10% of voting rights)

As of 31 December 2008 Quadriga Capital Private Equity Fund II L.P., which had invested before the public flotation, held 22.4% and Quadriga Capital Limited, which had also invested prior to the flotation, held 3.9%, so that together the two companies held 26.3% of the share capital of Francotyp-Postalia Holding AG. This corresponds to 3,292,333 shares for Quadriga Capital Private Equity Fund II L.P. and 573,253 shares for Quadriga Capital Limited (in total 3,865,586). Amiral Gestion based in Paris, France, held 11.3% as of 31 December 2008. This corresponds to 1,660,679 voting rights in the share capital of Francotyp-Postalia Holding AG.

Disclosures in accordance with Section 315 paragraph 4 No. 4 HGB (Shares with special rights)

Francotyp-Postalia Holding AG has issued no shares with special rights.

Disclosures in accordance with Section 315 paragraph 4 No. 5 HGB (Control of voting rights of employee shareholders)

No employees hold shares in the company.

Disclosures in accordance with Section 315 paragraph 4 No. 6 HGB (Statutory regulation in the Articles of Association on appointing and dismissing Management Board members and amending the Articles of Association)

In accordance with Section 6 paragraph 2 of the Articles of Association of Francotyp-Postalia Holding AG the Supervisory Board is responsible for determining the number of Management Board members, appointing them and revoking their appointment. In accordance with Section 6 paragraph 3 of the Articles of Association the Supervisory Board can appoint a Supervisory Board committee to sign, amend and terminate employment contracts with Management Board members.

Article 23, paragraph 1 of the Articles of Association stipulates that unless statutes or the Articles of Association require a larger majority the Annual General Meeting passes resolutions by a simple majority of votes cast and where statutes require a majority of capital in addition to a majority of votes by simple majority of capital represented when voting takes place. Abstentions count as votes not cast.

Furthermore, in accordance with Article 15 paragraph 2 of the Articles of Association the Supervisory Board can make amendments to the Articles which only relate to wording.

Disclosures in accordance with Section 315 paragraph 4 No. 7 HGB (Powers of the Management Board to issue or buy back shares)

Authorised capital

By resolution dated 16 October 2006 the Annual General Meeting authorised the Management Board subject to the approval of the Supervisory Board to increase the share capital of the company on one or more occasions until 15 October 2011 by issuing up to 6,000,000 new bearer shares for subscription in cash or in kind by up to a total of EUR 6,000,000 (authorised capital). The new shares are generally to be offered for subscription to shareholders. The Management Board has nevertheless been authorised to exempt fractional amounts from the shareholders' subscription rights and also to rule out shareholders' subscription rights subject to the approval of the Supervisory Board,

- provided that new shares are issued for subscription in kind in order to acquire companies or equity interests in companies and the acquisition or the equity interest are in the best interests of the company;

- for a share of authorised capital of up to a total of EUR 1,200,000 to the extent that (i) the new shares are issued for subscription in cash at an issue price not significantly less than the stock market price and (ii) the cumulative pro rata percentage of share capital attributable to the number of shares issued from authorised capital together with other shares issued or sold in accordance with Section 186 paragraph 3 sentence 4 AktG does not exceed a total of 10% of the company's share capital at the time the Annual General Meeting adopts a resolution on this authorisation or at the time this authorisation is exercised – whichever is the lower;

- for a share of authorised capital up to a total of EUR 1,200,000 in order to issue the new shares to employees of the company or employees of a directly or indirectly consolidated company within the meaning of Section 18 AktG, whereby employee shares may be issued at a preferential price.

Contingent capital

On 16 October 2006 the Annual General Meeting passed a resolution to increase the company's share capital contingently by an amount of up to EUR 6,000,000 by issuing new bearer shares each representing EUR 1.00 of share capital (contingent capital). The contingent capital serves to grant rights to holders of option or conversion rights and/or to those obliged to exchange or convert rights under option and convertible bonds issued or guaranteed until 15 October 2011 (inclusive) by Francotyp-Postalia Holding AG or a direct or indirect consolidated company of Francotyp-Postalia Holding AG within the meaning of Section18 AktG in accordance with the aforementioned authorisation of the Management Board by the Annual General Meeting, to the extent that other means of settling the obligation are not employed. Shares are to be issued at an option or conversion price to be determined by resolution. The contingent capital increase is only implemented in the event that option and/or convertible bonds are issued and only to the extent that the ensuing option or conversion rights are exercised or the exchange or conversion obligations are met.

Conversion and option rights

The Management Board was authorised by resolution of the Annual General Meeting on 16 October 2006, subject to approval by the Supervisory Board, up to 15 October 2011 inclusive to issue option and/or convertible bonds (hereinafter also known collectively as bonds), on one or more occasions, in total or for separate amounts, up to a nominal total of EUR 200,000,000 with a maturity of up to thirty years, and to grant option rights to the holders of option bonds and conversion rights to the holders of convertible bonds for bearer shares in the company representing a proportion of share capital of up to a total of EUR 6,000,000 subject to the detailed terms of the bonds. Hitherto no shares have been issued making use of authorised or contingent capital.

Authorisation to buy and sell treasury shares

By resolution of the Annual General Meeting on 16 October 2006 the company was authorised under Section 71 paragraph 1 No. 8 AtkG up to 15 April 2008 inclusive to acquire shares in the company of up to 10% of the company's share capital via the stock exchange or by means of a public purchase offer made to all company shareholders. Trading in treasure shares is not permitted and the restrictions of Section 71 paragraph 2 AktG apply.

On 20 November 2007 on the basis of this authorisation the Management Board of Francotyp-Postalia Holding AG passed a resolution to carry out a share buy-back programme.

For the purposes of carrying out the buy-back Francotyp-Postalia Holding AG had appointed an investment bank to carry out the buy-back in accordance with the rules mentioned in particular in Article 5 of Commission Regulation (EC) No. 2273/2003 dated 22 December 2003 (EC-REG).

Up to 15 April 2008 a total of 370,444 company shares were acquired via the stock exchange under the authorisation from the Annual General Meeting dated 16 October 2006. This corresponds to 2.52% of the company's share capital.

The authorisation given by the Annual General Meeting on 16 October 2008 to acquire treasury shares expired on 15 April 2008. The authorisation to use the treasury shares already acquired given by the Annual General Meeting on 16 October 2006 was replaced by an authorisation given by the Annual General Meeting on 18 June 2008.

Under the new authorisation the purchase of treasury shares can either take place via the stock exchange or by means of a public purchase offer.
To the extent that the number of shares tendered in response to a public purchase offer exceeds the number intended for purchase, shares can be purchased in proportion to the number of shares tendered and excluding shareholders' right to tender their shares, in order to simplify the process. This simplification also serves to give preference to smaller amounts of shares of up to 100 shares tendered per shareholder.

The authorisation stipulates that the treasury shares purchased can be sold again via the stock exchange or by means of an offer to all shareholders.
In addition the Management Board is also to be authorised, subject to the approval of the Supervisory Board,

- To withdraw shares without further resolution by the Annual General Meeting.

- To offer and to transfer shares as consideration in the course of company mergers or as consideration for the acquisition of companies or equity interests in them. The proposed authorisation is intended to strengthen the company in competing for interesting acquisition targets and allow it to respond rapidly, flexibly and in a cash-conserving manner to opportunities to acquire companies or equity interests in them. The proposed exclusion of shareholders' subscription rights serves this purpose. The decision in any given case whether to use treasury shares or shares from authorised capital is made by the Management Board in the sole interests of the shareholders and the company. In determining the relative valuations the Management Board will ensure that the interests of shareholders are reasonably safeguarded. To do so the Management Board will take the quoted share price into account; however, a systematic link to the quoted price is not planned, particularly so that the results of negotiations are not called into question by fluctuations in the listed share price. There are no concrete plans to make use of this authorisation.

- To issue treasury shares subject to the approval of the Supervisory Board in order to float company shares on a foreign stock exchange on which they were not previously listed. This is intended to give the company the flexibility of a secondary listing on foreign exchanges if this is deemed necessary to secure better long-term equity funding.

- To sell treasury shares to third parties for cash excluding subscription rights, e.g. to institutional investors or to access new investor groups. The condition for such a sale is that the price obtained (without ancillary purchase costs) is not significantly below the price for a share on the trading date as determined by the opening auction in XETRA trading (or a comparable successor system) at Deutsche Börse AG. Orienting the sales price to the quoted price offers some protection against dilution and provides reasonable protection of shareholders' pecuniary and voting interests. When setting the final sales price management will endeavour to keep any discount from the quoted price to a minimum – taking current market circumstances into account. Shareholders have the option of maintaining the level of their stake by purchasing shares via the stock exchange, and it is in the interests of shareholders that the company benefits from additional room for manoeuvre to exploit favourable stock exchange conditions at short notice. There are no concrete plans to make use of this authorisation.

- To offer for purchase and to grant treasury shares to persons in the company's employment or that of subsidiary-affiliated companies (employee shares). The financial success of the company and its consolidated companies depends to a large extent on its staff. Issuing employee shares on preferential terms strengthens staff loyalty towards the company and its consolidated companies and therefore also promotes the company's success over the long term. Using existing treasury shares instead of a capital increase or a cash payment can make economic sense and the authorisation is intended to increase flexibility in this regard.

The Management Board will notify the next Annual General Meeting when use is made of the authorisation.

Disclosures in accordance with Section 315 paragraph 4 No. 8 HGB (Significant agreements of the parent company subject to a change of control following a takeover offer)

No such agreements were in place as of 31 December 2008.

Disclosures in accordance with Section 315 paragraph 4 No. 9 HGB (Compensation agreements of the parent company in the event of a change of control)

No such agreements were in place as of 31 December 2008.

5. REMUNERATION REPORT

The remuneration of the Management Board contains fixed and variable elements. More details, including on remuneration to individual members, is included in the Remuneration Report which can be found in the Notes to the consolidated financial statements of the financial year 2008.

6. FORECAST

Overall economy

At the beginning of 2009 the global economy is experiencing a difficult phase. After the slump in growth in 2008 it is not presently possible to say whether and how fast economic conditions in industrialised and emerging countries will recover.

All of the FP Group's key markets are in recession and will probably only stabilise in the second half of 2009.

For Germany on the other hand, experts are forecasting a decline of 2.5% in gross domestic product in 2009. The forecasts for the eurozone are not much brighter. Economic researchers are expecting economic output to shrink by 2.1%. A decline in economic production of 2.3% is predicted for the USA. This means that at the start of the year all of the FP Group's key markets are in recession and will probably only stabilise in the second half of 2009.

Sector performance

The future development of the outbound mail market is determined by the economic environment and the regulatory framework. Worldwide the trend is towards a reorganisation of state monopolies and increasing liberalisation of postal markets. In the EU this liberalisation process is due to be completed by 2011. The German market has been liberalised since the beginning of 2008 but here, too, there are still obstacles to be overcome. For example, Deutsche Post still has the privilege of being exempt from VAT.

The weak economy affects the outbound mail market in two respects. On the one hand the low willingness to invest will apply to franking and inserting machines as well. On the other, price pressure on companies increases their willingness to migrate outbound mail to cost-saving outsourcing solutions and collaborate with professional service providers in this field.

Group strategy

Against this backdrop the strategic realignment of the FP Group towards becoming a solutions provider for mail management is of particular significance. This is because the company increasingly offers its Mailstream services specifically to Mailroom customers and is therefore driving the integration of the two segments to form a service provider for tailored outbound mail solutions.

In the medium term and in liberalised markets demand for these mail management solutions for outbound mail will increase.

To exploit additional growth potential Francotyp-Postalia Group will develop its Asian business. At the end of 2008 the FP Group assumed responsibility for the other 45% of the shares from the joint venture FP/GPS Assembly PTE Ltd. In Singapore, as a result, this is now a 100% subsidiary of the FP Group. The company was renamed as Francotyp-Postalia Asia Pte. Ltd. Its sales activities for the Asian/Pacific area have been combined in it. Francotyp-Postalia Asia Pte. Ltd. already employs 18 personnel and seven further employees will be strengthening the team over the course of the year.

For 2009 the FP Group is not planning any changes to the financing structure. Significant changes to the legal structure are also not planned.

Overall statement on future business development

A quantitative forecast for the current financial year is impossible at the present time.

It is currently not possible to say whether and how fast the economy in the key markets for the FP Group will recover in 2009 – a quantitative forecast for the current financial year is therefore impossible at the present time. New business in the Mailroom segment in particular is dependent on the global economy and exchange rate movements. The fact that two-thirds of revenue are recurring in nature nevertheless provides an element of stability in business performance. In the Mailstream segment and for integrated mail management solutions the FP Group could also benefit from corporate clients’ willingness to invest now in efficient and simultaneously cost-saving solutions.

7. EVENTS AFTER THE BALANCE SHEET DATE

Changes in the Management Board of Francotyp-Postalia Holding AG

The Supervisory Board of Francotyp-Postalia Holding AG has recalled Dr Heinz-Dieter Sluma as Chairman and member of the Management Board with effect from 16 February 2009 with immediate effect.

Andreas Drechsler was appointed as an additional member of the Management Board for one year.

On 23 February 2009 Andreas Drechsler was appointed as an additional member of the Management Board for one year. Mr Drechsler was previously responsible for foreign sales and investor relations in the company. He took on Management Board responsibility for Sales, Marketing and Investor Relations. At the same time Mr Szymanski also took over responsibility for Research and Development, Personnel and Legal Affairs.

8. MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT IN ACCORDANCE WITH SECTION 37Y NO. 1 WPHG IN CONJUNCTION WITH SECTIONS 297 PARAGRAPH 2 SENTENCE 3 AND 315 PARAGRAPH 1 SENTENCE 6 HGB

We hereby affirm, to the best of our knowledge and in accordance with the applicable reporting principles, that the consolidated financial statements convey a true and fair view of the company's net assets, financial position and results of operations, and that the consolidated annual report sets out the company's business progress, performance and current position in a way which accurately reflects its true circumstances, as well as describing the principal opportunities and risks associated with FP Holding's prospective future developments.

Birkenwerder, 16 March 2009

Hans Szymanski
Management Board
Francotyp-Postalia Holding AG

Andreas Drechsler
Management Board
Francotyp-Postalia Holding AG

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

EUR thousand	Note	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2007
Revenues	(1)	142,444	145,130
Increase in work in progress and finished goods		562	–986
		143,006	**144,144**
Other capitalised own work	(2)	8,182	12,115
Other operating income	(3)	3,140	2,555
Cost of materials and services	(4)		
a) Cost of raw materials, consumables and supplies		33,165	35,433
b) Cost of services purchased		10,115	10,470
		43,280	**45,903**
Personnel costs	(5)		
a) Wages and salaries		47,227	46,464
b) Social security contributions		7,342	7,238
c) Pensions and other benefits		711	636
		55,280	**54,338**
Depreciation and amortisation		30,365	28,146
Other operating expenses	(6)	37,593	33,334
Net interest income/expense	(7)		
a) Interest and similar income		2,497	2,832
b) Interest and similar expenses		5,598	5,418
		–3,101	**–2,586**
Other net financial income	(7)		
a) Other financial income		1,426	3,037
b) Tax expenses		1,823	2,002
		–397	**1,035**
Net taxes	(8)		
a) Tax income		8,563	10,160
b) Tax expenses		8,569	8,485
		–6	**1,675**
Consolidated net income		**–15,694**	**–2,783**
Minority interests		–1,911	–205
Consolidated net income after minority interests		**–13,783**	**–2,578**
Earnings per share (EUR)	(25)	–0.96	–0.18

STATEMENTS/NOTES

Consolidated balance sheet as of 31 December 2008 – Assets

EUR thousand	Note	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2007
Non-current assets			
I. Intangible assets	(9)		
Intangible assets including customer lists		34,208	47,699
Goodwill		23,534	26,034
Development projects in progress and payments made on account		3,514	3,004
		61,256	**76,737**
II. Property, plant and equipment	(9)		
Land, land rights and buildings		33	34
Technical equipment and machinery		1,650	1,631
Other equipment, operating and office equipment		4,149	5,970
Leased products		11,445	12,305
Payments made on account and assets under construction		24	0
Assets under finance leases		4,827	3,356
		22,128	**23,296**
III. Other assets			
Equity investments		318	337
Loans to third parties		0	0
Finance lease receivables	(10)	4,048	3,284
Other non-current assets		255	203
		4,621	**3,824**
IV. Deferred tax assets		**9,733**	**7,560**
		97,738	**111,417**
Current assets			
I. Inventories	(11)		
Raw materials, consumables and supplies		5,475	8,451
Work/services in progress		2,059	1,640
Finished products and merchandise		8,506	9,510
Payments made on account		93	94
		16,133	**19,695**
II. Trade receivables	(12)	**18,656**	**18,289**
III. Securities	(13, 24)	**666**	**0**
IV. Cash and cash equivalents	(15, 24)	**21,946**	**26,593**
V. Other assets			
Finance lease receivables	(10)	2,078	1,577
Receivables from related parties		14	6
Derivative financial instruments	(23)	17	482
Other current assets	(14)	7,381	7,862
		9,490	**9,927**
		66,891	**74,504**
		164,629	**185,921**

Consolidated balance sheet as of 31 December 2008 – Equity and liabilities

EUR thousand	Note	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2007
EQUITY			
I. Equity attributable to shareholders of the parent company			
Subscribed capital	(16)	14,700	14,700
Capital reserves	(16)	45,708	45,708
Treasury shares	(16, 23)	–1,829	–552
Loss carried forward		–13,393	–8,314
Consolidated net income/loss after minority interests		–13,783	–2,578
Accumulated other income		–3,027	–712
		28,376	**48,252**
II. Minority interests	(16)	**5,190**	**7,148**
		33,566	**55,400**
Non-current liabilities			
I. Provisions for pensions and similar obligations	(17)	**12,228**	**12,070**
II. Other provisions	(19)	**1,514**	**1,663**
III. Financial liabilities	(20)	**56,030**	**52,941**
IV. Other liabilities	(20)	**42**	**65**
V. Deferred tax liabilities	(18)	**3,600**	**6,202**
		73,414	**72,941**
Current liabilities			
I. Current income tax liabilities	(18)	**1,389**	**989**
II. Other provisions	(19)	**10,297**	**9,922**
III. Financial liabilities	(20)	**4,172**	**6,062**
IV. Accounts payable	(20)	**7,471**	**4,568**
V. Payments received on account	(20)	**2**	**2**
VI. Other liabilities	(20)	**34,318**	**36,037**
		57,649	**57,580**
		164,629	**185,921**

Statement of changes in equity

EUR thousand	Subscribed capital	Capital reserves	Treasury shares	Net income/ loss	Accumulated other share-holders' equity	Shares of other share-holders	Total
Balance on 1 January 2007	**14,700**	**45,768**	**0**	**–8,314**	**1,377**	**7,354**	**60,885**
Subsequent costs of flotation	0	–60	0	0	0	0	–60
Share buy-backs	0	0	–552	0	0	0	–552
Exchange rate differences	0	0	0	0	–2,563	0	–2,563
Natural hedges	0	0	0	0	766	0	766
Derivatives	0	0	0	0	–292	0	–292
Net income 1.1–30.9.2007	0	0	0	–2,578	0	–206	–2,784
Balance on 31 December 2007	**14,700**	**45,708**	**–552**	**–10,892**	**–712**	**7,148**	**55,400**
Balance on 1 January 2008	**14,700**	**45,708**	**–552**	**–10,892**	**–712**	**7,148**	**55,400**
Share buy-backs	0	0	–1,277	0	0	0	–1,277
Exchange rate differences	0	0	0	0	60	3	63
Natural hedges	0	0	0	0	–587	0	–587
Derivatives	0	0	0	0	–733	0	–733
Dividends	0	0	0	–2,150	0	0	–2,150
Other changes	0	0	0	–351	–1,055	–50	–1,456
Net income 1.1–31.12.2008	0	0	0	–13,783	0	–1,911	–15,694
Balance on 31 December 2008	**14,700**	**45,708**	**–1,829**	**–27,176**	**–3,027**	**5,190**	**33,566**

Consolidated cash flow statement

EUR thousand	Note	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2007
1.Cash flow from operating activities			
Consolidated net income		–15,694	–2,783
Income tax expense recognised in income (previous year: income)	(8)	6	–1,675
Net interest income recognised in income	(7)	3,101	2,584
Depreciation and amortisation of non-current assets	(9)	30,365	28,146
Increase (+)/decrease (-) in provisions	(17), (18), (19)	1,410	631
Losses on the disposal of non-current assets		717	334
Increase (-)/decrease (+) in inventories, trade receivables and other assets not attributable to investment or financing activities	(11), (12), (14)	283	1,170
Increase (+)/decrease (-) in trade liabilities and other liabilities[1] not attributable to investment or financing activities	(20)	4,458	–3,888
Other non-cash expenses and income		920	-26
Interest paid		–3,004	–850
Income tax paid		–3,827	–4,220
Cash flow from operating activities		**18,735**	**19,423**
2. Cash flow from investing activities			
Cash paid for development costs	(2)	–3,667	–5,766
Proceeds from the disposal of non-current assets	(9)	225	136
Cash paid for investment in intangible assets	(9)	–3,758	–1,570
Cash paid for investment in property, plant and equipment	(9)	–8,559	–10,004
Cash paid for financial investments		0	–131
Cash paid for company acquisitions		0	–17,040
Cash flow from investment activities		**–15,759**	**–34,375**
3. Cash flow from financing activities			
Cash paid to shareholders to buy back treasury shares in the company	(16), (23)	–1,277	–552
Dividend payments to shareholders	(16)	–2,150	0
Cash paid to repay bank loans	(20)	–3,595	–15,072
Cash paid in connection with flotation		0	–1,510
Proceeds of bank loans	(20)	4,000	0
Cash flow from financing activities		**–3,022**	**–17,134**
Cash and cash equivalents[1]			
Change in cash and cash equivalents		–46	–32,086
Change in cash and cash equivalents due to currency translation		–240	–1,615
Cash and cash equivalents at beginning of period	(24)	7,284	40,985
Cash and cash equivalents at end of period	**(24)**	**6,998**	**7,284**

[1] The postage credit balances managed by FP Group (EUR 15,614,000; 2007: EUR 19,309,000) have been deducted from cash and cash equivalents and other liabilities. The figures for the previous year have been adjusted accordingly. Cash and cash equivalents include current securities held at EUR 666,000 (previous year EUR 0).

Table of consolidated non-current assets as of 31 December 2008

	Costs of purchase or production							
EUR thousand	Carry forward 1. Jan. 2008	Foreign currency differences	Additions from relocation	Additions	Disposals from relocation	Disposals	Transfers	Balance 31. Dec. 2008
Intangible assets								
Intangible assets including customer lists	105,978	181	0	3,649	0	49	972	110,731
Goodwill	27,664	0	0	0	0	0	–106	27,558
Development projects in progress and payments on account	3,004	0	0	3,776	0	0	–845	5,935
Total	**136,646**	**181**	**0**	**7,425**	**0**	**49**	**21**	**144,224**
Property, plant and equipment								
Land, land rights and buildings	156	–21	0	8	0	6	0	137
Technical equipment and machinery	4,940	2	0	440	0	101	0	5,281
Other equipment, operating and office equipment	33,711	–641	648	1,212	0	1,090	–21	33,819
Leased products	53,520	625	0	4,936	558	799	0	57,724
Payments made on account and assets under construction	0	0	0	24	0	0	0	24
Assets under finance leases	4,911	0	0	1,939	0	12	0	6,838
Total	**97,238**	**–35**	**648**	**8,559**	**558**	**2,008**	**–21**	**103,823**
Non-current assets								
Total	**233,884**	**146**	**648**	**15,984**	**558**	**2,057**	**0**	**248,047**

Depreciation and amortisation							Carrying amounts	
Carry forward 1. Jan. 2008	Foreign currency differences	Additions from relocation	Additions	Disposals	Transfers	Balance 31. Dec. 2008	31. Dec. 2008	1. Jan. 2008
58,279	171	0	17,985	21	109	76,523	34,208	47,699
1,630	0	0	2,500	0	–106	4,024	23,534	26,034
0	0	0	2,421	0	0	2,421	3,514	3,004
59,909	**171**	**0**	**22,906**	**21**	**3**	**82,968**	**61,256**	**76,737**
122	–19	0	4	3	0	104	33	34
3,310	0	0	414	93	0	3,631	1,650	1,630
27,740	–366	84	3,043	828	–3	29,670	4,149	5,971
41,215	1,698	0	3,549	183	0	46,279	11,445	12,305
0	0	0	0	0	0	0	24	0
1,555	8	0	449	1	0	2,011	4,827	3,356
73,942	**1,321**	**84**	**7,459**	**1,108**	**–3**	**81,695**	**22,128**	**23,296**
133,851	**1,492**	**84**	**30,365**	**1,129**	**0**	**164,663**	**83,384**	**100,033**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES

General information

Francotyp-Postalia Holding AG, Birkenwerder (also known hereafter as FP Holding), is a German stock corporation (Aktiengesellschaft) registered under HRB 7640 of the Commercial Register at Neuruppin District Court. The company's registered office is at Triftweg 21–26, Birkenwerder. The consolidated financial statements for FP Holding for the financial year ending on 31 December 2008 include FP Holding and its subsidiaries (also known here as FP Group).

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

The consolidated financial statements for the previous year were approved by the Management Board for publication within the meaning of IAS 10.17 on 24 April 2008.

Declaration of compliance

The consolidated financial statements for FP Holding as of 31 December 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable and binding in the EU on the reporting date, and with the interpretations issued on them by the International Financial Reporting Interpretations Committee (IFRIC). All binding statements by the International Accounting Standards Board (IASB) have been taken into account.

The consolidated financial statements present a true and fair view of the net assets, financial position and earnings. The conditions of Section 315a, paragraph 3 German Commercial Code (HGB) have been met, thereby exempting the Group from preparing consolidated financial statements in accordance with German accounting principles.

Accounting principles

Francotyp-Postalia Holding AG acts as parent company for the Group, under which Francotyp-Postalia Group companies are consolidated. For all Group companies the financial year is the calendar year.

The consolidated financial statements for FP Holding as of 31 December 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable and binding in the EU on the reporting date, and with the interpretations issued on them by the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements have been drawn up in euros. For greater clarity and to facilitate comparison, all amounts are in thousands of euros (EUR 000) unless otherwise stated. Rounding of individual items and percentages may result in minor arithmetic 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 income statement is drawn up on a total cost basis.

Changes in accounting methods and in disclosures made in the notes

The accounting methods applied and the rules on disclosure in the notes are the same as in the previous year, with the exception of the new and amended standards listed below.

Application of new and revised standards

The Group applied the following new and revised IFRS standards and interpretations in the financial year. The application of these revised standards did not have any effect on the Group's net assets, financial position and earnings. It did result in additional disclosures, however.

IAS 27 Consolidated and separate financial statements under IFRS
Significant amendments to IAS 27 relate to the recognition of transactions where a company retains control and those where control is lost. Transactions which do not lead to a loss of control are to be recognised in equity without effect on income. Remaining interests are to be recognised at fair value at the time control is lost. Negative balances may be recognised for minority stakes. The new standards have been applied to the presentation of the additional shares acquired in FP/GPS Assembly Pte. Ltd, Singapore.

Amendments to IAS 39 and IFRS 7 Reclassification of financial instruments
The amendments to IAS 39 and IFRS 7 on the reclassification of financial instruments could be applied retroactively from 1 July 2008 and are to be applied prospectively for all reclassifications from 1 November 2008. Financial assets may under certain circumstances be reclassified from the category "held for trading" to another category if there is no longer any intention of selling them in the short-term. Financial assets in the categories "held for trading" and "available for sale" which meet the definition of loans and receivables may also be reclassified if the company intends and is capable of holding the asset for the foreseeable future or until its maturity. The amendments to IFRS 7 relate to the disclosures required if such reclassifications take place.

IFRS 3 Business combinations

In January 2008 the IASB published a revised IFRS 3 governing the application of purchase methods for business combinations. Significant changes relate to the valuation of minority interests, recognising successive acquisitions and treatment of contingent purchase price components and ancillary acquisition costs. Following the revision, minority interests can either be measured at fair value or at the fair value of the pro rata fair value of identifiable net assets. For company acquisitions which take place in stages the shares held at the time control is acquired are to be restated at fair value through profit and loss. Restatements of contingent purchase price components shown as a liability at the acquisition date are to be recognised in the income statement in future. Ancillary acquisition costs are recognised as expenses at the time they arise. The application of these standards did not effect the Group's net assets, financial position or earnings.

The International Financial Reporting Interpretations Committee (IFRIC) has issued three interpretations which are to be applied for the first time in the current financial year. They are:

- IFRIC 11 IFRS 2: Group and treasury share transactions
- IFRIC 12: Service concession arrangements
- IFRIC 14 IAS 19: The limit on a defined benefit asset, minimum funding requirements and their interaction

The application of these interpretations had no effect on the accounting methods used in the Group.

The following new standards are to be applied for financial years beginning on or after 1 January 2009. The Group has not made use of the option to apply the new standards in advance.

Amendment to IAS 1 Presentation of financial statements

The revision of IAS 1 was aimed at improving the possibilities of analysing and comparing financial statements for their users. In addition to changes in terminology for the components of financial statements, the amendments mainly relate to a different presentation of the statement of comprehensive income (formerly profit and loss statement) and extended disclosures in the event of certain amendments and restatements effecting prior periods.

IFRS 8 Operating segments

IFRS 8 is a standard for disclosures which has led to a reclassification of the Group's reporting segments but has had no effect on reported earnings or the Group's net assets and financial position.

The following additional standards and amendments or revisions of standards and interpretations had already been published but were not yet mandatory.

- Amendment to IFRS 2 relating to *Conditions of exercise and cancellations*
- Revision of IAS 23 relating to *Borrowing costs*
- Amendment to IAS 32 relating to *Callable financial instruments and obligations arising on liquidation*
- Amendment to IAS 39 relating to *Qualifying hedged items*
- IFRIC 13: *Customer loyalty programmes*
- IFRIC 15: *Agreements for the construction of property*
- IFRIC 16: *Hedges of a net investment in a foreign operation*
- IFRIC 17: *Distributions of non-cash assets to owners*
- IFRIC 18: *Transfers of assets*

Group of consolidated companies

The consolidated financial statements for FP Holding include all companies where the opportunity exists to govern the financial and operating policies in such a way that companies in the FP Group derive benefits from the activities of these companies (subsidiaries).

Subsidiaries are consolidated from the time FP Holding gains the power of control. The companies are deconsolidated if this power no longer exists.

The consolidated financial statements for 2008 include eight domestic and eight foreign subsidiaries in addition to FP Holding (see following list). An equity stake of 49% is also held in FP Data Center Inc., Japan. In the consolidated financial statements this is shown at acquisition cost. The company is a teleporto data centre without its own staff. It was not accounted for under the equity method due to its minor significance.

The minority interests of 0.03% in Francotyp-Postalia N. V., Zaventem, Belgium, with a carrying amount of EUR 75.55, were not disclosed in the balance sheet as they are presented in EUR 000 and the interests are of minor significance.

There were no changes in the group of consolidated companies or business combinations in 2008.

With the agreement of 2 December 2008, FP GmbH purchased the remaining 45% share in FP/GPS Assembly Pte. Ltd, Singapore, on 31 December 2008 for a purchase price of EUR 400,000. The company's name has been changed to Francotyp-Postalia Asia Pte. Ltd.

Domestic and foreign subsidiaries

Company name and registered offices	31. Dec. 2008 Equity interest in %
1. Francotyp-Postalia Holding AG, Birkenwerder, Germany	
2. Francotyp-Postalia GmbH, Birkenwerder, Germany	100.00
3. freesort GmbH, Düsseldorf, Germany	100.00
4. iab - internet access GmbH, Berlin, Germany	51.01
5. ab-Verwaltungs- und Vertriebs GmbH, Berlin, Germany (36.99% held by No. 1; 63.01% held by No. 4)	100.00
6. FP Direkt Vertriebs GmbH, Birkenwerder, Germany	100.00
7. Francotyp-Postalia Vertrieb und Service GmbH, Birkenwerder, Germany	100.00
8. FP International GmbH, Birkenwerder, Germany	100.00
9. FP Hanse GmbH, Hamburg, Germany	100.00
10. Francotyp-Postalia N. V., Zaventem, Belgium	99.97
11. Francotyp-Postalia (Österreich) GmbH, Vienna, Austria	100.00
12. Ruys Handelsverenigung B. V., Den Haag, the Netherlands	100.00
13. Italiana Audion s. r. l, Milan, Italy	100.00
14. Francotyp-Postalia Ltd., Dartford, Great Britain	100.00
15. Francotyp-Postalia Inc., Lisle, Illinois, USA	100.00
16. Francotyp-Postalia Canada Inc., Markham, Canada	100.00
17. FP/GPS Assembly Pte. Ltd, Singapore	100.00

Principles of consolidation

Equity is uniformly consolidated under the purchase method. Under this method all unrealised gains and losses of the company acquired are realised on initial consolidation when fair value is measured and all identifiable intangible assets are recognised separately. The acquisition cost of the equity investments is then set off against equity as restated. Amounts in excess of this are capitalised as goodwill.

Receivables and liabilities between and provisions relating to consolidated companies are eliminated. Intra-group revenue and other intra-group income and expenses are eliminated. Interim profits from intra-group supplies and services are adjusted against income unless of minor importance. Deferred taxes are recognised on temporary differences from consolidation with effect on profit and loss in the amount of the average income tax rate for the beneficiary Group company.

For further information please refer to the section “Accounting principles”.

Currency translation

The functional currency for FP Group is the euro (EUR or €).

Foreign currency transactions in the separate financial statements of FP Holding and domestic subsidiaries are translated at the exchange rate on the transaction date. Monetary items in foreign currencies are translated using the exchange rate on the reporting date. Translation differences are recognised in the income statement of the company concerned and disclosed under net financial income.

The foreign companies in the FP Group are independent sub-entities and prepare their financial statements in local currency. The financial statements are translated in accordance with IAS 21.

In the consolidated financial statements the assets and liabilities, with the exception of equity, are translated into euros at the rate on the reporting date. The equity of subsidiaries which do not prepare their financial statements in euros is translated at the historic rate. Effects of currency translation on equity are recognised in the foreign currency translation reserves. The items in the income statement are translated at weighted average rates for the year. Translation differences resulting from different translation rates for the balance sheet and the income statement are also recognised in the foreign currency translation reserves, which are part of other comprehensive income.

Translation differences from monetary items forming part of a net investment in foreign operations are initially recognised as a separate component of equity in accordance with IAS 21.15A together with IAS 21.32 and are recognised in income on disposal of the net investment.

Currencies have been translated at the following rates:

Currency translation

1 EUR =	Spot rate 31. Dec. 2008	Spot rate 31. Dec. 2007	Average rate 2008	Average rate 2007
US dollar (USD)	1.3977	1.4729	1.4709	1.3707
Pound sterling (GBP)	0.9600	0.7379	0.7967	0.6848
Canadian dollar (CAD)	1.7160	1.4464	1.5591	1.4692
Singapore dollar (SGD)	2.0176	2.1308	2.0764	2.0644

Accounting principles

In preparing the financial statements the Management Board adopted the going concern assumption for all companies included in the consolidated financial statements. The financial statements were therefore drawn up on a going concern basis.

Revenue and **other operating income** are recognised when a service has been performed and the goods or product delivered and the balance of risks has been transferred to the client. Other conditions are the probability that the economic benefit will accrue to the Group and that the amount of income can be reliably determined. Revenue is shown less any discounts, deductions, customer bonuses and rebates. **Interest** is recognised as income or expense when it arises.

Goodwill represents the excess cost of a company acquisition over the fair value of the Group's interest in the net assets of the company acquired at the acquisition date. Individual amounts of goodwill are subject to impairment testing, in which the capitalised value is measured separately. Capitalised value calculations are based on the three-year budgets adopted by management. The impairment tests are carried out on the basis of money-generating units. The use value is used as a basis for determining the achievable sum.

Intangible assets acquired for consideration are recognised at cost including ancillary costs and reductions and amortised on a straight-line basis over their useful life of five to six years. Client lists, capitalised development costs and the SAP system capitalised in 2005 are also amortised over five to six years.

The cost of **intangible assets acquired in the course of a business combination** corresponds to their fair value on the acquisition date. Intangible assets are recognised in subsequent periods with their acquisition and production costs less any accumulated amortisation and impairment charges. Costs for internally generated intangible assets, with the exception of capitalisable development costs, are recognised in profit and loss in the period in which they arise.

The valuation of client lists capitalised as part of the allocation of purchase prices is carried out using an income-oriented approach, in which the value of the client lists is shown by discounting the resulting cash flows. The costs associated with generating revenue are subtracted from the additional revenue the client lists are expected to bring.

Development costs for internally generated intangible assets are capitalised at cost, as long as producing these products is likely to bring FP an economic benefit, their production is technically feasible and the costs can be reliably determined. Development costs include all costs directly attributable to the development process. Subsidies for development costs are set off against the assets side. If the conditions for capitalising the costs are not met they are recognised in profit and loss in the year they arise. In the consolidated income statement development costs are recognised as capitalised development costs (gross amount) at the same time as they are recognised as own work capitalised in fixed assets. Capitalised development costs are amortised on a straight-line basis over their useful life, up to a maximum of five years, from the time commercial production of the equivalent products begins. During the development phase an annual impairment test is carried out and capitalised developments that are no longer of value are written down as necessary. Research costs are recognised as current expenses in accordance with IAS 38.

Property, plant and equipment is valued at acquisition or production costs, less scheduled depreciation. Historic costs include the cost of acquisition, ancillary costs and subsequent acquisition costs. Reductions in acquisition costs are deducted. The costs of internally produced property, plant and equipment (rented/leased franking machines and accessories) include all the direct costs plus all overheads attributable to the production process. Financing costs for the duration of production are not included. Costs for the maintenance and repair of items of property, plant and equipment are recognised as expenses. Costs of overhauling items of property, plant and equipment are recognised as subsequent acquisition costs in accordance with IAS 16.12 et seq. if these costs increase the future benefits of the item (IAS 16.10). Items of property, plant and equipment with a limited useful life are depreciated on a straight-line basis. Demonstration machines have been recognised under property, plant and equipment since the reporting year and no longer as inventory.

Scheduled depreciation is generally based on the following useful lives :

Property, plant and equipment

	Useful life
Buildings	15 to 40 years
Technical equipment and machinery	13 to 15 years
Operating and office equipment	4 to 10 years
Leased products	5 years
Assets under finance leases	15 years

Unscheduled depreciation on intangible assets and on property, plant and equipment is carried out pursuant to IAS 36 when the recoverable amount, i.e. whichever is the higher value between the use value of the asset in question and the net amount realised, falls below the carrying amount. If the recoverable amount for an individual asset cannot be estimated, the estimate is made for the recoverable amount of the cash-generating unit to which the asset belongs. The comparison between recoverable amount and carrying amount is then also made at the level of the cash-generating unit. If the reasons for recognising an unscheduled impairment loss from the previous year cease to apply, the loss is reversed.

Equity investments are held at amortised cost. Non-interest-bearing or low-interest loans are recognised at their present value and other loans at their nominal amount.

Inventories are valued at whichever is the lower between acquisition/production costs and net realisable value on the balance sheet date. The cost of raw materials, consumables, supplies and merchandise includes the cost of acquisition and ancillary costs less any reductions. Production costs of finished products and work in progress include the direct costs and overheads attributable to the production process, including appropriate depreciation of the production equipment assuming normal capacity utilisation. Financing costs for the duration of production are not included. Net realisable value is the estimated selling price in the ordinary course of business, less the necessary completion costs and sale costs. Write-downs of inventories are disclosed under the cost of materials and services for the financial year.

Financial assets are divided into the following categories:

- financial assets at fair value through profit and loss,
- receivables and other assets, and
- financial assets available for sale.

The classification depends on the purpose for which the financial assets were acquired. Management classifies the financial assets on initial recognition and reviews the classification on each reporting date.

- The group of **financial assets held at fair value through profit and loss** includes financial assets held for trading and financial assets classified as being at fair value on initial recognition. Financial assets are classified as being held for trading if they were acquired for the purpose of selling them in the near future. Derivatives are also classified as being held for trading, with the exception of derivatives which constitute a financial guarantee and those designated as effective hedging instruments. Gains or losses from financial assets held for trading are recognised in profit and loss.

- For the valuation of **receivables and other assets** all identifiable risks are taken into account by appropriate allowances. Individual write-downs are recognised on trade receivables if there is an objective indication that the amount of the receivable due is not fully recoverable. The amount of the write-down is the difference between the carrying amount of the receivable and the present value of the estimated future cash flows from the receivable. The write-down is recognised in profit and loss.

- Financial assets available for sale are non-derivative financial assets which are classified as available for sale and are not in one of the two categories mentioned above. Following the initial valuation, financial assets available for sale are carried at fair value. Unrealised gains and losses are recognised directly in equity. If a financial asset is written off or impaired, the accumulated gain or loss previously held directly in equity is recognised with effect on income.

Cash and cash equivalents includes all liquid funds, i.e. cash in hand, cheques and bank balances.

The **capital reserves** are made up of premiums paid into equity by shareholders. Expenses incurred directly by issuing new shares in the course of the flotation of FP Holding AG have been accounted for in accordance with IAS 32.35 as deduction from capital reserves.

If the Group acquires **treasury shares**, these are deducted from shareholders' equity. The purchase, sale, issue and cancellation of treasury shares are not recognised in income.

Provisions for pensions are made using the projected unit credit method based on actuarial tables in line with IAS 19. This procedure not only takes account of the pensions and vested entitlements existing on the reporting date, but also of future increases in pensions and salaries by making prudent estimates of the relevant influencing factors. The corridor method of accounting for actuarial gains and losses means that these are only recognised in income when they lie outside a range of 10% of total commitments. In this case they are spread over the future average remaining service period of the workforce. Expenses from calculating interest on pension obligations are recognised under interest expenses. Up to the end of the financial year 2008 an interest rate of 6.25% was used for the calculations. As a result of the act passed in Germany to alter the retirement age for drawing a pension, the new retirement age was used in calculations.

For the Dutch subsidiary Ruys Handelsvereniging B.V., for obligations under joint defined benefit plans for several employers for which there is not sufficient information to present the accounts as defined benefit plans, the accounts are presented along the lines of defined contribution plans in accordance with IAS 19.30. No information on asset surpluses or deficits is available.

Other provisions are made for uncertain obligations to third parties, whose occurrence would probably lead to an outflow of resources, if the amount of the necessary provision can be reliably estimated. They are recognised at the amount expected to be required to settle the obligation, taking all ensuing risks into account. Non-current provisions are recognised at their present value.

If a number of similar obligations exists the probability of an outflow of resources is calculated for this group of obligations. A provision is then recognised as a liability even if the probability of an outflow of resources for one obligation in this group is low.

Payments due to termination of employment are made if an employee is made redundant before normal pensionable age or if an employee voluntarily leaves the contract of employment in exchange for a severance payment. The Group recognises severance payments when it is demonstrably obliged to terminate the employment of current employees in accordance with an irrevocable detailed formal plan, or when it is demonstrably obliged to make severance payments to employees who voluntarily terminate their employment. At Italiana Audion provisions are made for severance payments due when staff leave the company, in line with the legal situation in Italy.

A provision is recognised for restructuring expenses when the Group has prepared a detailed formal restructuring plan which creates the justified expectation on the part of those affected that the restructuring measures will be carried out by beginning to implement the plan or by announcing its salient features to those affected. Only direct restructuring expenses are taken into account in determining the amount of the provision for restructuring. These therefore represent amounts caused solely by the restructuring and not in connection with the company's ongoing business activities.

Provisions for phased early retirement are recognised at the present value of outstanding obligations and supplementary amounts. The provision has been netted off against the corresponding plan assets of an insurance policy covering commitments under phased early retirement agreements in accordance with IAS 19.102 et seq.

The Group recognises a provision for profit-sharing payments and bonuses as a liability in cases where a contractual obligation or a constructive obligation based on past practice exists.

Provisions are made for anniversary gratifications in accordance with the projected unit credit method provided for in IAS 19.

Provisions for warranty expenses are recognised at the time the product concerned is sold for the amount of management's best estimate of the expenses necessary to settle the obligation.

Liabilities are held at amortised cost. Liabilities under finance leases are recognised at the present value of the leasing instalments. **Derivatives** with a negative market value are recognised at fair value through profit and loss.

Effective claims for tax reimbursements and tax liabilities for current and past periods are calculated at the amount expected for a reimbursement from the tax authorities or a payment to the tax authorities. These are based on the tax rates and tax legislation in effect on the reporting date.

Recognition and measurement of **deferred taxes** takes place in line with IAS 12 using the balance-sheet-oriented liabilities method based on the probable tax rate in effect when they are recovered or settled. This requires deferred taxes to be recognised for all temporary differences between the tax base of an asset and its carrying amount in the consolidated financial statements.

Deferred tax receivables are recognised to the extent that it is probable that there will be a taxable profit against which the temporary difference can be set. Deferred tax assets are recognised on usable carryforwards of unused tax losses if it is probable that they will be able to be recovered in future. Deferred tax assets are set off against deferred tax liabilities if they relate to the same tax authority and the same period.

Deferred tax assets and liabilities are measured using the tax rates expected to be in force in the period in which the assets are recovered or the liabilities settled. These are based on the tax rates and tax legislation in effect on the reporting date. Future changes in tax rates should be taken into account on the reporting date, to the extent that material conditions for them to take effect have been met in the course of the legislative process.

Deferred tax relating to items recognised directly in equity are not recognised in income, but also directly in equity.

Accounting for leases in which Francotyp-Postalia is lessor

IAS 17 defines a lease as an agreement whereby the lessor confers to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments.

The rental agreements for franking machines where German FP companies are lessors qualify as **finance leases**. Under IAS 17, items of property, plant and equipment which are leased are not capitalised if the conditions for finance leasing are met. The conditions are met when all the intrinsic risks and rewards resulting from the use of an asset are transferred to the lessee. In the case of finance leases a receivable is capitalised at the present value of the minimum lease payments at inception of the lease. The lease instalments received are divided into a repayment of principal and an interest payment. The repayment of principal reduces the amount of the receivable without effect on profit and loss. The interest payment, however, is recognised in profit and loss.

Finance leases for German FP companies relate to franking and inserting machines leased to clients. These are standardised agreements based solely on full amortisation. Both new and used machines are leased by means of finance leases.

In contrast, rental agreements for franking machines by other FP companies have been classified as **operating leases**, as they retain economic ownership of the assets. The leased assets are therefore capitalised as non-current assets under property, plant and equipment.

Accounting for leases in which Francotyp-Postalia is lessee

At FP GmbH, Vienna, Austria, the sale and leaseback contracts for franking machines also meet the conditions for qualification as **finance leases** where the company is lessee. As FP GmbH, Vienna, Austria, is considered to be the economic owner of the leased asset in these cases, the leased assets are recognised under non-current assets as assets in finance leases. At the same time an equivalent non-current liability is recognised. At iab and freesort the conditions of finance leases also continue to be met for the machines used by these companies as lessees.

Operating leases are in place for property, vehicles and office equipment. The leases have a term of less than 75% of the useful life of the assets to which they relate and in some cases include renewal options and indexation clauses. These leases are treated as normal rental contracts and the leasing instalments are recognised as expenses.

Hedging policy and risk management

In the course of its business FP Group is exposed to certain financial risks, particularly including those of currency fluctuations, interest rate changes and defaulting debtors. The Group's primary risk management system addresses the unpredictability of the financial markets and is designed to minimise negative consequences for the Group's operational results. To achieve this goal the Group makes use of certain financial instruments. These are generally used to hedge existing or planned underlying transactions.

The framework, responsibilities, financial reporting and control mechanisms for financial instruments are laid down in internal Group regulations. These include a separation of responsibility between recording and controlling financial instruments. Currency, interest rate and liquidity risks for the FP Group are managed centrally.

1. Currency risks
Currency risks from anticipated future cash inflows in US dollars are hedged by using them to repay a loan taken out on 20 April 2005 which is also denominated in US dollars.

Various currency options have also been taken out in US dollars, for which the contracts began on 14 November 2007 and instalments are due monthly. The last due date was 12 December 2008. The options contracts gave Francotyp-Postalia the right to change a certain amount of US dollars into euros at a predetermined exchange rate. No new currency options contracts have been signed.

The following table shows the sensitivity of consolidated net profit before taxes (due to changes in the fair value of monetary assets and liabilities) and Group equity (due to changes in the fair value of currency futures and hedges of net investments) in respect of potential changes in the exchange rate considered to be generally reasonable, in percentage points of the US dollar. The effects of changes in the US dollar exchange rate also include the effects of the cash flow hedge (2008: effect on profit and loss EUR 117,000 and effect on equity EUR 592,000; 2007: effect on profit and loss EUR 687,000 and effect on equity EUR 125,000). The table also shows sensitivity to changes in the pound sterling, Canadian dollar and Singapore dollar against the euro. All other variables remain constant in each case.

Sensitivity

EUR thousand	Change in exchange rate for foreign currency in percentage points	Effect on profit before taxes	Effect on equity
2008			
US dollar (USD)	+5%	–408	–1.580
	–5%	+451	+1.746
Pound sterling (GBP)	+5%	-434	–535
	–5%	+480	+591
Canadian dollar (CAD)	+5%	+15	+30
	–5%	–17	–33
Singapore dollar (SGD)	+5%	+3	–5
	–5%	–4	+6
2007			
US dollar (USD)	+5%	+78	–1.306
	–5%	–86	+1.443
Pound sterling (GBP)	+5%	–489	–693
	–5%	+540	+766
Canadian dollar (CAD)	+5%	–122	–178
	–5%	+135	+197
Singapore dollar (SGD)	+5%	–8	–8
	–5%	+9	+9

2. Interest rate risk

The risk of fluctuations in market interest rates to which the Group is exposed results primarily from non-current liabilities with a floating rate of interest. Under the terms of the main lending agreement with the financing banks the Group had hedged around 50% of the outstanding loan amount under this agreement against interest rate risks as of the reporting date.

On 18 June 2007 an interest rate swap was negotiated in US dollars for a nominal amount of USD 18,146 million, maturing on 30 November 2011. The reference amount decreases over the duration in line with the scheduled repayment of the loan under the lending agreement. Under this interest rate swap the Group swaps floating six-month Libor interest against a fixed rate of 4.29% p.a. The market value of this instrument is measured on the balance sheet date using the quoted price from the counterparty and amounts to EUR –516,000.

As of 30 June 2006 euro amounts were also hedged using two interest rate caps. As of 31 December 2008 the reference amounts are EUR 12,000,000 and EUR 5,052,000 each with caps of 3.50% p. a. and base interest rates equal to six-month Euribor. There is no direct interest rate risk for the duration of the hedging transactions (four and five years respectively). The market value of the caps on the balance sheet date is EUR 17,000.

The following table shows the sensitivity of consolidated net profit before taxes in respect of a potential change in interest rates considered generally reasonable (due to the effects of unhedged floating rate loans). All other variables remain constant in each case. There are no effects on Group equity.

Sensitivity

EUR thousand	Increase/ decrease in percentage points	Effect on profit before taxes
2008	+1	–262
	–1	+262
2007	+1	–233
	–1	+233

3. Default risk

The carrying amount of financial assets represents the maximum default risk in the event that counterparties cannot fulfil their contractual payment obligations, irrespective of any collateral. Depending on the type and amount of the transaction, collateral is required and credit scores/references are obtained for all the contractual relationships on which original financial instruments are based and historic data from the prior business relationship, especially payment history, are used to avoid defaults. Credit insurance is used for trade receivables and in addition the identifiable default risks of individual receivables and the Group's general credit risk are covered by appropriate write-downs.

For other financial assets, such as cash and cash equivalents, financial instruments available for sale and certain derivative financial instruments the maximum credit risk on default is equivalent to the carrying amount for these instruments.

4. Liquidity risk

The Group deals with liquidity risk by means of a liquidity forecast with a fixed planning horizon for the whole Group and available, unused credit lines.

We refer to the table in Note 20 for the term structure of financial liabilities.

Financial liabilities mainly relate to loans to finance the purchase price of the FP Group. Since the company's successful flotation the acquisition loans and credit lines for acquisition and capex have been combined into one facility. There is also a long-term line of credit to the tune of EUR 2,500,000 which had not been used on the reporting date. The liquidity forecast does not assume that this line of credit for working capital will be used in future, either.

5. Measurement of derivative financial instruments

Derivative financial instruments are held at fair value. The effective portion of changes in fair value for derivatives used to hedge cash flow in US dollars and qualifying as an effective hedge is recognised in equity. Changes in the fair value of derivatives qualifying for hedge accounting are recognised in profit and loss, as are derivatives which do not qualify for hedge accounting.

Capital management

The Group manages its capital with the aim of maximising the return to its owners by optimising the relationship of equity to debt. This ensures a good credit rating and that all Group companies can operate under going-concern assumptions.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. The Group can alter dividend payments to shareholders in order to maintain or adjust the capital structure. As of 31 December 2008 no changes to goals, guidelines or procedures had been made. Capital is monitored by a permanent analysis of the net assets, financial position and earnings.

The indicator for the Group's capital structure is net indebtedness. This is derived from the relationship between net debt and shareholders' equity. The selected debt particularly includes borrowing (EUR 55,938,000; 2007: EUR 55,848,000), liabilities from company acquisitions (EUR 400,000; 2007: EUR 0) and liabilities from finance leases (EUR 4,264,000; 2007: EUR 3,155,000). Cash and cash equivalents include treasury shares (EUR 1,829,000; 2007: EUR 552,000) and securities (EUR 666,000; 2007: EUR 0) and excludes postage credit balances managed by the FP Group (EUR 15,614,000; 2007: EUR 19,309,000). The resulting net indebtedness is monitored permanently. As of the year-end the figure compared to the previous year was as follows:

Net indebtedness

EUR thousand	31. Dec. 2008	31. Dec. 2007
Liabilities	60,602	59,003
Cash and cash equivalents	–8,827	–7,836
Net debt	**51,775**	**51,167**
Shareholders' equity	33,566	55,400
Net indebtedness	**154%**	**92%**

In the reporting year the Group met all external capital adequacy requirements.

Financial management indicators

One of the prime objectives of the Francotyp-Postalia Group is to increase long-term enterprise value. The key management indicators for doing so are EBITDA, net working capital (inventories plus trade receivables less trade payables) and revenue. Revenue and EBITDA by segment developed as follows:

Development of revenue and EBITDA by segment

	Revenues			EBITDA		
EUR million	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2007	Change in %	1. Jan. to 31. Dec. 2008	1. Jan. to 31. Dec. 2007	Change in %
Mailroom	127.0	136.6	–7.0	17.0	26.1	–34.9
Mailstream	15.4	8.5	81.2	1.2	–0.9	n/a
of which freesort	11.2	4.8	133.3	0.7	–1.3	n/a
of which iab	4.2	3.7	13.5	0.5	0.4	25.0
FP Group	142.4	145.1	–1.9	18.2	25.2	–27.8

For operational Group management an adjusted EBITDA before restructuring costs is normally used. Given restructuring expenses of EUR 4.0 million, adjusted EBITDA comes to EUR 22.2 million.

Net working capital for the FP Group declined as of 31 December 2008 by 18.2% year on year from EUR 33,416,000 to EUR 27,318,000, due primarily to the sharp decline in inventories.

Management estimates and assessments

Preparing the consolidated financial statements requires a certain number of assumptions and estimates to be made which effect the amount and the recognition of assets and liabilities in the balance sheet as well as income and expenses for the reporting period. The assumptions and estimates mainly relate to assessing and measuring intangible assets, determining uniform useful economic lives for property, plant and equipment across the Group, measuring receivables from finance leases, the recoverability of receivables and the recognition and amount of provisions. 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 present at the time the consolidated financial statements were prepared and the future development of the global and sectoral environment considered to be realistic. The actual amounts may differ from the estimates originally expected as a result of changes in these underlying conditions which diverge from the assumptions and are beyond the influence of management. If actual performance differs from that expected, the premises and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly.

At the time the consolidated financial statements were prepared the assumptions and estimates on which they are based were not subject to significant risks, so that from a current perspective there is no reason to assume that the carrying amounts of assets and liabilities shown in the consolidated balance sheet will be significantly adjusted in the following financial year.

2. SEGMENT REPORTING

Segment information by region

Revenue is allocated to segments according to the location of the end customer, but all other information is allocated according to the registered offices of the companies.

Segment information by region 2008

EUR thousand	A Germany	B USA/ Canada	C Europe (except Germany)	Other regions	Total
Revenue					
- with external third parties	62,055	36,243	42,967	1,179	142,444
- intersegment revenue	25,744	10,352	11,878	490	48,464
Operating earnings	–11,996	4,625	6,678	–237	–930
- of which depreciation	12,128	5,054	1,803	6	18,991
- of which additions to provisions	4,647	2,259	1,815	0	8,721
Assets	151,279	35,529	19,879	2,210	208,897
Capital expenditure	9,498	5,344	2,164	1	17,007
Liabilities	5,820	879	1,357	134	8,190

Pursuant to IAS 36 depreciation expenses to the tune of EUR 2,500,000 are included in section A under depreciation and amortisation.

Segment information by region 2007

EUR thousand	A Germany	B USA/ Canada	C Europe (except Germany)	Other regions	Total
Revenue					
- with external third parties	56,218	41,035	46,528	1,349	145,130
- intersegment revenue	27,200	16,985	15,529	3,626	63,340
Operating earnings	13,177	4,544	4,193	128	22,042
- of which depreciation	11,259	6,315	1,583	6	19,163
- of which additions to provisions	5,209	2,536	1,768	0	9,513
Assets	168,482	29,939	19,905	2,775	221,101
Capital expenditure	9,327	6,800	3,314	3	19,444
Liabilities	3,899	976	484	88	5,447

Reconciliations for 2008

Revenues	
Revenues from segments A–C	189,239
Other revenues	1,669
	190,908
Less intersegment revenue	48,464
Revenues according to financial statements	**142,444**

Operating earnings	
Operating earnings from segments A–C	–693
Other operating earnings	–237
	–930
Less intersegment operating earnings	11,259
Consolidated operating earnings	**–12,189**

Net interest income/expense	–3,101
Other net financial income	–397
Net taxes	–6
Consolidated net loss for the period according to financial statements	**–15,693**

Assets are calculated as total assets less deferred tax assets, other tax receivables and cash which is not at the company's unrestricted disposition.

Assets	
Assets in segments A–C	206,687
Other assets	2,210
	208,897
Effects on the consolidation level	–70,316
Assets according to financial statements	**138,581**

The segment liabilities consist of trade liabilities and provisions for warranties.

Liabilities	
Liabilities in segments A–C	8,056
Other liabilities	134
	8,190
Effects on the consolidation level	0
Liabilities according to financial statements	**8,190**

Capital expenditure	
Capital expenditure in segments A–C	17,006
Other capital expenditure	1
	17,007
Effects on the consolidation level	–1,023
Capital expenditure according to financial statements	**15,984**

Depreciation and amortisation	
Depreciation and amortisation in segments A–C	18,985
Other depreciation and amortisation	6
	18,991
Effects on the consolidation level	11,375
Depreciation and amortisation according to financial statements	**30,366**

Additions to provisions	
Additions to provisions in segments A–C	8,721
Other additions to provisions	0
	8,721
Effects on the consolidation level	0
Additions to provisions according to financial statements	**8,721**

Segments

The FP Group reports its results by secondary segments. A distinction is made between the two segments Mailroom and Mailstream. These segments are described in the Management Report.

The Group considers this presentation to be sensible, as the two segments can, in principle, operate independently of one another. Within the Mailroom segment a further distinction, e.g. according to product, would not be sensible, as the reciprocal dependence of individual products (e.g. franking machines and teleporto) is very high.

The following table shows the figures separated according to segments.

Segment data by region 2008

EUR thousand	A Germany	B USA/ Canada	C Europe (except Germany)	Other regions
Mailroom				
a) Revenues	72,423	46,595	54,844	1,669
b) Assets	137,733	35,529	19,879	2,210
c) Capital expenditure	6,299	5,344	2,164	1
Mailstream				
a) Revenues	15,376	0	0	0
b) Assets	13,545	0	0	0
c) Capital expenditure	3,199	0	0	0

Segment data by region 2007

EUR thousand	A Germany	B USA/ Canada	C Europe (except Germany)	Other regions
Mailroom				
a) Revenues	74,914	58,021	62,057	4,975
b) Assets	127,118	29,939	19,905	2,775
c) Capital expenditure	7,117	6,800	3,314	3
Mailstream				
a) Revenues	8,511	0	0	0
b) Assets	45,420	0	0	0
c) Capital expenditure	2,210	0	0	0

The transfer prices for intra-group revenues are set by reference to the market.

3. NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) Revenues

The following tables show the breakdown of Group revenues. The previous year's figures have been adjusted due to changes in classification.

Revenues

EUR thousand	2008	2007
Germany	62,055	56,218
USA and Canada	36,243	41,035
Miscellaneous	44,146	47,877
Total	**142,444**	**145,130**

External and internal revenue 2008

EUR thousand	External revenue	Internal revenue	Total revenue
Germany	62,055	25,744	87,799
USA and Canada	36,243	10,353	46,596
Miscellaneous	44,146	12,367	56,513
Consolidation	0	–48,464	–48,464
Total	**142,444**	**0**	**142,444**

External and internal revenue 2007

EUR thousand	External revenue	Internal revenue	Total revenue
Germany	56,218	27,200	83,418
USA and Canada	41,035	16,985	58,020
Miscellaneous	47,877	19,155	67,032
Consolidation	0	–63,340	–63,340
Total	**145,130**	**0**	**145,130**

(2) Own work capitalised

Own work capitalised

EUR thousand	2008	2007
Capitalised development costs	3,667	5,766
Rental machines	4,060	6,349
Demonstration models	442	0
Other	13	0
Total	**8,182**	**12,115**

(3) Other operating income

Other operating income

EUR thousand	2008	2007
Grants for expenses	575	672
Income from the reversal of provisions	557	531
Income due to termination of contract with sales agent in the Netherlands	463	0
Costs billed to third parties	253	354
Accounting profits on disposal of non-current assets	134	132
Changes in write-downs of receivables/payment received on already written-down receivables	203	81
Income from swap sales	0	260
Miscellaneous income	955	525
Total	**3,140**	**2,555**

After having terminated a contract with a sales representative the Dutch subsidiary transferred various assets and liabilities to the former business partner. These transactions gave rise to income of EUR 463,000.

(4) Cost of materials

Cost of materials

EUR thousand	2008	2007
Cost of raw materials, consumables and supplies	33,165	35,433
Cost of services purchased	10,115	10,470
Total	**43,280**	**45,903**

(5) Personnel costs

Personnel costs

EUR thousand	2008	2007
Wages and salaries	47,227	46,464
Social security contributions	7,342	7,238
Pensions and other benefits	711	636
Total	**55,280**	**54,338**

Staff expenses in the reporting year include restructuring expenses totalling EUR 1,402,000 of which EUR 1,020,000 consist of severance payments to former Management Board members.

Pensions and other benefits include EUR 204,000 (2007: EUR 225,000) for pension provision allocation. Total pension expenses for defined benefit pension commitments are as follows:

Pension expenses for defined benefit pension commitment

EUR thousand	2008	2007
Ongoing benefit expenses for staff services in the reporting period	204	225
Interest expense (net financial income)	593	543
Total	**797**	**768**

(6) Other operating expenses

Other operating expenses

EUR thousand	2008	2007
Rent/lease payments	6,577	6,040
Commission	5,927	5,960
Charges, fees, consultancy	3,955	1,792
Repairs and maintenance	2,841	2,559
Packaging and freight	2,363	2,971
Travel	2,248	2,266
Marketing	2,204	2,157
Communications and postage	1,696	1,983
Receivables measurement	1,609	959
Staff-related costs	1,389	931
External IT services	1,354	974
Trademarks and licences	766	944
Office material	566	749
Miscellaneous	4,098	3,049
Total	**37,593**	**33,334**

In the reporting year the largest items in miscellaneous expenses were insurance contributions of EUR 378,000, transaction costs of EUR 365,000, external security and cleaning costs of EUR 324,000, expenses on disposal of non-current assets of EUR 312,000, hospitality costs of EUR 299,000, and other taxes totalling EUR 272,000. Other operating expenses include restructuring expenses to the tune of EUR 2,560,000.

(7) Net financial income/expense

Net financial income/expense

EUR thousand	2008	2007
Income from other securities, other interest and similar income	2,497	2,832
of which from finance leases	1,210	883
of which from bank balances	1,166	1,468
of which from third parties	121	481
Interest and similar expenses	5,598	5,418
of which from bank borrowing	4,880	3,676
of which to shareholders	0	0
of which interest from allocation to pension provisions	593	543
of which to third parties	125	1,199
Net interest income/expense	**–3,101**	**–2,586**
Other financial income	**1,426**	**3,037**
Other financial expenses	**1,823**	**2,002**
Total	**–3,498**	**–1,551**

(8) Taxes

Tax expenses are as follows:

Tax expenses

EUR thousand	2008	2007
Current tax expenses	4,227	4,040
Deferred tax expenses	4,342	4,445
Income taxes	**8,569**	**8,485**

Deferred taxes are calculated using the specific tax rates for each country (28.08% to 30.18% in Germany; 18.00% to 38.14% abroad). Effective and deferred tax credits and tax liabilities have been determined in line with IAS 12.48 based on the tax rates and tax regulations currently in force.

As FP Holding is a stock corporation, the average tax rate for German companies includes both trade tax and corporation tax plus solidarity surcharge. Foreign income taxes are calculated on the basis of tax regulations in place in the individual countries.

The Group recognised income from deferred tax assets of EUR 8,563,000 and current tax expenses of EUR 8,569,000 which resulted in net taxes of EUR –6,000. Income from deferred tax assets relates to temporary differences between the IFRS balance sheet and the balance sheet figures for tax purposes (EUR 5,172,000; 2007: EUR 9,725,000) and to capitalised deferred taxes on unused tax losses carried forward (EUR 3,391,000; 2007: EUR 435,000).

Tax losses carried forward have only been capitalised if company management estimates that they can be used within the next five years. Therefore, in the reporting year tax losses carried forward amounting to EUR 2,427,000 were not capitalised or written down.

Effective income from income taxes of EUR 6,000 compares with expected income of EUR 4,110,000 which would be the result of applying the Group's income tax rate to consolidated net income before income taxes. In the previous year effective income from income taxes of EUR 1,675,000 was EUR 415,000 higher than expected income of EUR 1,260,000. The Group income tax rate is derived from the individual income tax rates of the FP companies weighted by their share of consolidated net income. The absolute amount of taxes was used in the case of losses.

Effective tax expenses

EUR thousand	2008	2007
Consolidated net income before income taxes	–13,777	–4,253
Expected tax income (29.8%; 2007: 29.6%)	–4,110	–1,260
Change in domestic tax rates	113	–1,267
Difference to foreign tax rates	913	572
Tax effect of non tax-deductible expenses and tax-free income	163	459
Impairment loss on goodwill	702	0
Non-use of tax loss carryforwards	2,427	0
Other differences	–202	–179
Effective tax expense (2007: tax income)	**6**	**–1,675**
Tax ratio in %	**0.0**	**39.4**

4. NOTES TO THE CONSOLIDATED BALANCE SHEET

(9) Non-current assets

Changes in individual items of non-current assets in the reporting period are shown in the table of non-current assets in the annexe to the notes. Intangible assets acquired for consideration are presented in the balance sheet and the table of non-current assets together with internally generated intangible assets, which relate solely to capitalised development costs.

Intangible assets held at EUR 34,208,000 (2007: EUR 47,699,000) include in particular client lists purchased in the course of company acquisitions at EUR 12,420,000 (2007: EUR 20,979,000), development costs for internally generated intangible assets of EUR 9,106,000 (2007: EUR 9,938,000) and internally generated software purchased in the course of company acquisitions at EUR 5,612,000 (2007: EUR 7,580,000).

As part of the revaluation carried out when the Group was formed on 20 April 2005 the **customer lists** were valued at EUR 38,703,000. Values of EUR 2,670,000 and EUR 1,421,000 respectively were determined for the customer lists when allocating the purchase price for freesort and iab. As of 31 December 2008 the customer lists are still carried at EUR 12,420,000. In the financial year 2008 customer lists were amortised by EUR 8,559,000.

Software purchased together with freesort and iab was recognised at fair values of EUR 600,000 and EUR 9,238,000 respectively when these companies were consolidated for the first time. Measurement was made using the discounted cash flow method. As of the reporting date 31 December 2008 this software was still carried at EUR 343,000 and EUR 5,269,000 respectively. In the financial year 2008 it was amortised by EUR 1,968,000.

Research and development costs of EUR 10,684,000 were incurred in 2008 (2007: EUR 11,515,000) of which EUR 3,667,000 (2007: EUR 5,766,000) were capitalised and EUR 7,017,000 (2007: EUR 5,749,000) were recognised in profit and loss.

Goodwill amounting to EUR 23,534,000 (2007: EUR 26,034,000) is split between freesort (EUR 18,351,000) and iab (EUR 5,183,000; 2007: EUR 7,683,000). During the financial year, pursuant to IAS 36 the Group determined the achievable goodwill by means of an impairment test and ascertained that the company value linked to the transactions of iab were written down by EUR 2,500,000. In determining the achievable value of the corresponding money-generating unit in relation to iab, the use value was taken as a basis. Use value is calculated by extrapolation of cash flows based on the financial planning over the coming three financial years. When determining use value, a discount rate of 6.28% is applied. Cash flow after the three-year analysis period flow is carried forward as residual value based on the value resulting in the third planning year.

The following indeterminate factors apply to the assumptions on which use value is based:

- Mail volume: The future development of cash flow depends on customer numbers and the volume of mail processed. The relevant values are based on an evaluation of market potential and current customer contacts, and have been weighted according to probability of occurrence.
- Gross profit margin: The gross profit margin applied is based on current realisable values.
- Discount rates: The discount rate applied results from the weighted average of current interest applied to third party capital and the interest rate applied to own capital.

Property, plant and equipment includes leased products with carrying amounts of EUR 11,445,000 (2007: EUR 12,305,000) and equipment in finance leases where the FP Group is lessee with carrying amounts of EUR 4,827,000 (2007: EUR 3,356,000). freesort in particular finances its equipment, especially sorting machines, by means of finance leases.

(10) Finance lease receivables

The reconciliation between future lease payments and finance lease receivables is as follows:

Finance lease receivables 2008

EUR thousand	Total	Remaining duration up to 1 year	1-5 years	over 5 years
Future leasing payments	7,673	3,014	4,659	0
Interest portion	1,547	936	611	0
Finance lease receivables	**6,126**	**2,078**	**4,048**	**0**

Finance lease receivables 2007

EUR thousand	Total	Remaining duration up to 1 year	1-5 years	over 5 years
Future leasing payments	5,820	2,119	3,701	0
Interest portion	959	542	417	0
Finance lease receivables	**4,861**	**1,577**	**3,284**	**0**

(11) Inventories

Inventories

EUR thousand	31. Dec. 2008	31. Dec. 2007
Raw materials, consumables and supplies	5,475	8,451
Work/services in progress	2,059	1,640
Finished products and goods	8,506	9,510
Payments made on account	93	94
Total	**16,133**	**19,695**

The write-down on inventories increased in the financial year by EUR 2,694,000 to EUR 4,856,000.

(12) Trade receivables

Trade receivables are made up as follows:

Trade receivables

EUR thousand	31. Dec. 2008	31. Dec. 2007
Trade receivables – domestic	6,170	5,525
Trade receivables – foreign	12,486	12,764
Total trade receivables	**18,656**	**18,289**

Appropriate write-downs were made for all identifiable risks. Write-downs amounted to EUR 333,000 in the reporting year (2007: EUR 179,000).

As of 31 December 2008 trade receivables with a nominal value of EUR 20,380,000 (2007: EUR 20,011,000) were written down. The following movements were recorded in the impairment account:

Impairment account

EUR thousand	Individual write-downs	Portfolio write-downs	Total
Balance on 1 January 2007	170	1,462	1,632
Additions through profit and loss	179	780	959
Utilisation	58	766	824
Reversals	4	41	45
Balance on 31 December 2007	**287**	**1,435**	**1,722**
Additions through profit and loss	333	838	1,171
Utilisation	61	1,089	1,150
Reversals	11	8	19
Balance on 31 December 2008	**548**	**1,176**	**1,724**

As of 31 December the age structure of trade receivables is as follows:

Age structure of trade receivables

EUR thousand	Amount	Neither overdue nor depreciated	Overdue, but not written down (and the remaining trade receivables after depreciation) < 30 days	30-60 days	60-90 days	90-120 days	> 120 days
2008	20,380	9,731	5,237	1,506	904	1,440	1,562
2007	20,011	8,110	4,595	2,556	905	1,133	2,712

(13) Securities

Securities held at a fair value of EUR 666,000 (2007: EUR 0) consist of a fund held for trading which reinvests income and invests principally in fixed-income securities, money market instruments and demand deposits. The financial investment has no fixed maturity and no fixed interest rate.

(14) Other current assets

Other current assets

EUR thousand	31. Dec. 2008	31. Dec. 2007
Deferred payments	3,975	4,120
Claims for tax reimbursements	702	1,376
Miscellaneous assets	2,704	2,366
Total	**7,381**	**7,862**

(15) Cash and cash equivalents

Cash and cash equivalents

EUR thousand	31. Dec. 2008	31. Dec. 2007
Bank balances	21,524	26,202
Cheques and cash in hand	422	391
Total	**21,946**	**26,593**

Of total bank balances EUR 15,614,000 (2007: EUR 19,309,000) are not at the company's unrestricted disposition. These are teleporto funds received from customers and which customers can draw down at any time. The corresponding offsetting item is included in other liabilities.

Changes in cash and cash equivalents are presented in the cash flow statement and in the section "Notes to the cash flow statement".

(16) Shareholders' equity

Changes in shareholders' equity are shown in the statement of changes in shareholders' equity.

The capital of FP Holding is made up of share capital of EUR 14,700,000 and capital reserves provided by shareholders of EUR 45,708,000. Differences from the translation of financial statements for foreign subsidiaries without effect on profit and loss, differences between monthly average exchange rates in the income statement and exchange rates on the reporting date and from the fair-value change in interest rate hedges and cash flow hedges without effect on profit and loss are recognised in other comprehensive income.

Share capital is divided into 14,700,000 no-par value bearer shares with a pro rata entitlement to participate in the company's profits. Each share also confers one vote at the Annual General Meeting. The equity capital is fully paid up.

On 30 November 2006 all the shares in FP Holding AG were admitted to the Official Market and to the subsection of the Official Market with additional obligations resulting from admission (Prime Standard) at the Frankfurt Stock

Exchange. In the course of the flotation FP Holding received gross proceeds of EUR 51,300,000 from the sale of 2,700,000 shares. The premiums of EUR 48,600,000 paid by the new shareholders have been included in the capital reserves. The costs of the flotation came to EUR 4,603,000 in total. In the consolidated financial statements expenses of EUR 2,892,000 were offset against capital reserves without effect on profit and loss after recognising the tax effect of EUR 1,711,000.

On 16 October 2006 the FP Holding Annual General Meeting passed resolutions approving both the creation of EUR 6.0 million in authorised capital, with a corresponding change in the Articles of Association, and a contingent increase in FP's equity capital by up to EUR 6.0 million through the issue of new no-par-value bearer shares each representing EUR 1.00 of the equity capital. The Management Board was also authorised to issue option bonds and convertible bonds with the option of withholding subscription rights pursuant to Section 186 paragraph 3 sentence 4 AktG, as well as contingent capital, and to make a corresponding change to the Articles of Association. The company has been authorised in accordance with Section 71, paragraph 1 No. 8 AtkG to purchase and sell treasury shares for up to 10% of the company's share capital.

On 30 November 2007 the Management Board of Francotyp-Postalia Holding AG decided to implement a share buy-back programme on the basis of the authorisation given at the company's Annual General Meeting on 16 October 2006 in order to be able to acquire companies or stakes in companies using treasury shares as acquisition currency.

As of the balance sheet date a total of 370,444 shares had been purchased, which were deducted from shareholders' equity at their cost of EUR 1,829,000 in accordance with IAS 12.33. As of 31 December 2008 the treasury shares represent 2.52% of share capital and had a market value of EUR 315,000. The following reconciliation shows the changes in the number of shares in circulation:

Number of shares in circulation

Number of shares	14,700,000
Buy-back of treasury shares	–370,444
Balance on 31 December 2008	**14,329,556**

The shares were bought back in the following periods:

Share buy-back

Buy-back period	Number of treasury shares acquired	Amount of equity capital, EUR thousand	Percentage share of equity capital in %
November 2007	38,283	38,283	0.26%
December 2007	63,849	63,849	0.43%
January 2008	96,367	96,367	0.66%
February 2008	92,596	92,596	0.63%
March 2008	43,572	43,572	0.30%
April 2008	35,777	35,777	0.24%
Total	**370,444**	**370,444**	**2.52%**

On 18 June 2008 the Annual General Meeting passed a further resolution authorising the purchase of treasury shares. Under the new resolution FP is entitled by 17 December 2009 to acquire treasury shares totalling up to 10% of the equity capital in existence at the time when the resolution was passed.

At the Annual General Meeting on 18 June 2008 the shareholders of Francotyp-Postalia Holding AG resolved for the first time to distribute a dividend, of EUR 0.15 per share. This represented a total dividend of EUR 2,150,000. The dividend was distributed immediately after the passing of the resolution. The remainder of the previous year's accumulated profit of EUR 7,475,000 was carried forward.

Minority interests consist of equalising items for the interests of external shareholders in consolidated capital as well as the profits and losses attributable to them. Within the Group equity, minority interests of EUR 5,190,000 are presented separately from the parent shareholders' equity in accordance with IAS 27.33 and relate solely to the other shareholders of iab. Minority interests are no longer disclosed for the other shareholders of FP/GPS Assembly Pte.

Ltd., Singapore, as FP GmbH acquired the remaining 45% of the shares under a contract dated 2 December 2008.

FP GmbH made significant funds available to its Canadian subsidiary in order to acquire new machines and make these available to clients following decertification. This represents a net investment in a Canadian business operation whose liquidation is neither planned nor likely within a foreseeable time frame. The net exchange rate difference of EUR 1,055,000 resulting from the conversion was recognised as accumulated equity pursuant to IAS 21.32.

A difference of EUR 351,000 resulted from the sale of the remaining share in FP GPS, Singapore, which was offset with the net result pursuant to IAS 27.

(17) Provisions for pensions and similar obligations

Defined benefit plans are in place to provide retirement benefits for employees. The pension commitments depend on the legal, tax and economic circumstances of each country and are generally based on employees' length of service and salary. The commitments are funded by making provisions. There are no net plan assets for these company pension plans and therefore no disclosable deficit.

In accordance with a works agreement reached with companies in Germany on 9 July 1996, all employees whose employment began before 1 January 1995 are covered by the pension plan. Retirement benefits are only granted when employees have completed ten eligible years of service. Employees whose salaries are above the general pay scale remain entitled to a retirement pension under the terms of the "Guidelines for the payment of a retirement pension to employees whose salaries are above the general pay scale", dating from January 1986. Obligations for funeral allowances towards surviving dependents of employees exist on the basis of the collective bargaining framework for salaried and other employees and the works agreement dating from 30 December 1975.

Provisions for pension obligations are made on the basis of benefit commitments made for retirement, incapacity and surviving dependent benefits. Provisions are only made for defined benefit commitments where the company guarantees employees a certain level of benefits.

Significant actuarial parameters used

p.a.	31. Dec. 2008	31. Dec. 2007
Interest rate	6.25%	5.40%
Salary trend	3.00%	3.00%
Pension trend	2.00%	2.00%

These assumptions relate to employees based in Germany, who account for the majority of pension obligations.

Reconciliation of present value of entitlements to recognised pension provision commitments

EUR thousand	31. Dec. 2008	31. Dec. 2007
Present value of entitlements to retirement benefits	10,226	11,007
Adjustment for unrealised actuarial gains and losses	2,002	1,063
Pension provisions	**12,228**	**12,070**

The present value of the entitlement to retirement benefits relates solely to vested entitlements.

The following table shows changes in pension provisions

EUR thousand	2008	2007
Balance at beginning of period	12,070	11,901
Current benefit expenses for staff services in the reporting period	+204	+225
Interest expense	+593	+543
Pension payments	–639	–599
Pension provisions	**12,228**	**12,070**

(18) Provisions for deferred taxes and tax provisions

Provisions for deferred taxes and tax provisions

EUR thousand	31. Dec. 2008	31. Dec. 2007
Deferred income taxes	3,600	6,202
Current income taxes	1,164	758
Other taxes	225	231
Tax provisions	**4,989**	**7,191**

Unbalanced deferred tax assets and liabilities are recognised as follows

	Def. tax assets	Def. tax liab.	Bal.	Def. tax assets	Def. tax liab.	Bal.	Changes recognised in profit and loss
EUR thousand		31. Dec. 2008			31. Dec. 2007		2008
Non-current assets	1,328	6,724	–5,396	3,778	9,703	–5,925	529
Misc. assets	1,236	27	1,209	1,628	179	1,449	–240
Provisions	3,253	1,069	2,184	3,008	1,009	1,999	185
Liabilities	1,346	1,181	165	266	1,112	–846	1,011
Tax losses carried forward	7,971	0	7,971	4,681	0	4,681	3,290
Total	**15,134**	**9,001**	**6,133**	**13,361**	**12,003**	**1,358**	**4,775**

(19) Other provisions

Other provisions

EUR thousand	Opening balance Jan. 1, 2008	Currency difference	Utilisation	Reversal	Additions	Closing balance Dec. 31, 2008
Staff-related provisions	4,334	25	2,994	226	3,449	4,588
Provisions for warranties	879	10	889	0	719	719
Provisions for restructuring	850	0	341	284	552	777
Provisions for outstanding invoices	273	0	248	0	1,212	1,237
Provisions for compensation payments to sales representatives	464	19	469	0	398	412
Provisions for onerous contracts	205	0	205	0	546	546
Provision for inventors' royalties	159	0	117	0	135	177
Miscellaneous provisions	4,421	–245	2,484	47	1,710	3,355
Other provisions	**11,585**	**–191**	**7,747**	**557**	**8,721**	**11,811**

Of the other provisions a total of EUR 1,514,000 (2007: EUR 1,663,000) have a residual term of more than one year.

Provisions for staff expenses mainly consist of provisions for anniversary gratifications, obligations under phased early retirement agreements, holidays, bonuses and severance payments to staff.

Provisions for restructuring relate to planned restructuring at Francotyp-Postalia GmbH, FP Direkt Vertriebs GmbH and Francotyp-Postalia Vertrieb und Service GmbH and mainly consist of severance payments and litigation costs.

Miscellaneous provisions include provisions for legal proceedings and Supervisory Board remuneration.

(20) Liabilities

Liabilities

EUR thousand	31. Dec. 2008 Total	Rem. duration < 1 year	Rem. duration > 1 year	31. Dec. 2007 Total	Rem. duration < 1 year	Rem. duration > 1 year
Liabilities towards banks	55,938	3,335	52,603	55,848	5,502	50,346
Finance lease liabilities	4,264	837	3,427	3,155	560	2,595
Financial liabilities	**60,202**	**4,172**	**56,030**	**59,003**	**6,062**	**52,941**
Trade liabilities						
towards third parties	7,471	7,471	0	4,568	4,568	0
from payments received on account	2	2	0	2	2	0
Trade liabilities	**7,473**	**7,473**	**0**	**4,570**	**4,570**	**0**
Other liabilities						
from taxes	2,506	2,506	0	2,213	2,213	0
(of which from income tax)	(507)	(507)	(0)	(507)	(507)	(0)
as part of social security	186	186	0	226	226	0
from teleporto	15,614	15,614	0	19,309	19,309	0
towards employees	188	188	0	248	248	0
from derivates	516	516	0	50	50	0
from company purchases	400	400	0	0	0	0
from prepaid expenses	10,989	10,947	42	11,520	11,480	40
miscellaneous liabilities	3,961	3,961	0	2,536	2,511	25
Other liabilities	**34,360**	**34,318**	**42**	**36,102**	**36,037**	**65**
Total	**102,035**	**45,963**	**56,072**	**99,675**	**46,669**	**53,006**

Liabilities with a term to maturity of more than five years only exist for liabilities under finance leases totalling EUR 133,000. Liabilities towards banks exist towards BNP Paribas S.A., Frankfurt am Main branch, and mainly consist of loans to finance the purchase price for the FP Group. Alongside the already existing loan, a long-term line of credit to the tune of EUR 2,500,000 also exists, which had not been used on the balance sheet date. Depending on the tranches, a Euribor- or Libor-based interest rate was fixed, which has been hedged via swaps and caps (see section on "Hedging policy and risk management"). The discount applied to the liabilities towards banks is recognised in income over the term of the loans.

The liabilities from company acquisitions of EUR 400,000 relate to the purchase of the remaining shares in FP/GPS Singapore. Reconciliation between future lease payments and liabilities under finance leases:

Liabilities under finance leases

EUR thousand	Total	Remaining duration up to 1 year	1-5 years	over 5 years
Future lease payments	5,089	1,245	3,706	138
Interest portion	825	408	412	5
Liabilities under finance leases	**4,264**	**837**	**3,294**	**133**

(21) Collateral provided

Collateral provided

EUR thousand	31. Dec. 2008	31. Dec. 2007
Guarantee obligations	587	62
Total	**587**	**62**

The guarantee obligations mainly consist of rental guarantees for office space at sales branches, guarantees for subsidies for letter sorting machines and a guarantee for postage.

For postage from DPAG, collateral of EUR 590,000 has been provided by means of a guarantee from Commerzbank. A securities portfolio has been pledged for the same amount. Collateral for a liability of EUR 54,000 towards GEFA Gesellschaft für Absatzfinanzierung GmbH has been provided by pledging a bank account at Stadtsparkasse Düsseldorf for EUR 50,000 and by assigning all vehicles to GEFA by means of security notes.

FP Holding furnished BNP Paribas S.A. with the following loan collateral:

- Pledge of all shares in FP GmbH, FP International GmbH, FP Vertrieb und Service GmbH, FP Inc., USA, Ruys B.V., the Netherlands, FP Ltd, Great Britain, FP Inc., Canada, by the respective parent company
- Assignment of all receivables in respect of third parties of FP Holding AG, FP GmbH, FP International GmbH, FP Vertrieb und Service GmbH and FP Inc., USA
- Pledge of all bank balances of FP Holding AG, FP GmbH, FP International GmbH, FP Vertrieb und Service GmbH and FP Inc., USA
- Assignment of the brands of FP GmbH and FP Inc., USA
- Assignment of the fixed and current assets of FP GmbH and FP Inc., USA

After the banks involved had released the collateral they held following the successful flotation in 2006, they took it back again at the end of 2008 when the loan agreement was renegotiated.

The book value of the fixed and current assets assigned for security was EUR 130,700,000 on the balance sheet date.

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(22) Other information on operating leases

The nominal amounts of other financial obligations came to EUR 15,097,000 (2007: EUR 15,655,000) as of 31 December 2008 and have the following term structure:

Nominal amounts of other financial obligations as of 31 December 2008

EUR thousand	Total	up to 1 year	1-5 years	over 5 years
Obligations under rental and lease agreements	15,097	4,006	9,491	1,600

Obligations under rental and lease agreements relate solely to agreements where companies in the FP Group do not have economic ownership of the leased assets in accordance with IASB guidelines. The obligations disclosed under this item derive from operating leases.

There are no other significant financial obligations for contingent rental payments or payments from subletting arrangements.

The majority of other financial obligations stems from a lease for land and buildings for FP GmbH in Birkenwerder. The contract was signed as of 1 January 2005 and runs for ten years. Annual rent is EUR 1,600,000 (total up to and including 2014: EUR 9,600,000).

Vehicles and office equipment account for the majority of miscellaneous other financial obligations under rental and lease agreements.

(23) Financial instruments

The following table shows the carrying amounts of financial instruments recognised in the consolidated financial statements:

Financial instruments

EUR thousand	2008	2007
Financial assets and liabilities at fair value through profit and loss		
Cash and cash equivalents	21,946	26,593
Securities	666	0
Derivative financial instruments with positive fair values	17	482
Derivative financial instruments with negative fair values	–516	–50
Receivables and other assets		
Trade receivables	18,656	18,289
Other assets	9,490	9,927
Financial assets available for sale		
Treasury shares	1,829	552
Financial liabilities		
Liabilities towards banks	55,938	55,848
Obligations under finance leases	4,263	3,155

The carrying amounts of assets and liabilities held at amortised cost are generally equivalent to their fair value. The market price was used to determine the fair value of financial investments available for sale. The assigned fair value of treasury shares was EUR 315,000 on the balance sheet date. The assigned fair value of the derivative financial instruments were determined by discounting the expected future cash flow using prevailing market interest rates and correspond to the book value shown in the table. The assigned fair value is determined via the market price and corresponds to the book value shown in the table.

Hedging relationships

As of 31 December 2008 a loan liability exists in USD which is classified as a hedging transaction and serves to hedge expected future cash flows from sales in USD. Due to the change in the dollar exchange rate in 2008 the liability was EUR 527,000 higher on the reporting date than at the same time the previous year. The difference resulting from the exchange rate movement after deferred taxes of EUR 621,000 has been recognised in other comprehensive income without effect on income under hedge accounting rules. Exchange rate differences from the repayment of the loan of EUR 290,000 were recognised in revenues.

Hedge accounting hedges the exchange rate effects relating to US dollar income for the amount of the agreed repayment schedule over the term of the loan until 30 November 2011.

In the previous year currency options were purchased to limit the exchange rate risk, which matured in stages up to December 2008.

Interest rate hedges were taken out (swaps and caps) to limit the interest rate risk on floating rate loan liabilities. The caps were capitalised at their fair value of EUR 17,000 on the reporting date and the swap was recognised as a liability for the amount of its negative fair value of EUR 516,000.

Fair value on the reporting date

	2008		2007	
EUR thousand	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Currency options				
Fair value	0	0	65	0
Interest rate swaps				
Fair value	0	516	0	50
Interest rate caps				
Fair value	17	0	417	0

The change in the market value of the swaps and caps was recognised in other comprehensive income as cash flow hedging without effect on profit and loss (including all deferred taxes EUR –733,000) and the changes in market value of the currency options were recognised in profit and loss as fair value hedging. As of 31 December 2008 there were no ineffective portions of these hedging relationships.

(24) Notes to the cash flow statement

The cash flow statement for the FP Group shows positive and negative changes in cash flows from operating, investing and financing activities.

Postage credit balances managed by the FP Group (restricted cash) are subtracted from cash and cash equivalents. The corresponding offsetting item is included in other liabilities. This means that cash and cash equivalents are made up as follows:

Cash equivalents

EUR thousand	31. Dec. 2008	31. Dec. 2007
Cash and cash equivalents	21,946	26,593
Plus securities	666	0
Less postage credit balances managed	–15,614	–19,309
Total	**6,998**	**7,284**

(25) Earnings per share

After the authorisation granted by the Annual General Meeting of FP on 16 October 2006, the Management Board of Francotyp-Postalia Holding AG decided on 20 November 2007 to embark on a programme to buy back FP shares. As of 31 December 2008, 370,444 of these shares had been bought back.

The weighted average number of shares in circulation in the reporting period is used to calculate earnings per share. The number of shares was therefore adjusted for the treasury shares acquired in line with IAS 33.20. This means that the weighted average number of shares in circulation in the 2008 financial year was 14,362,497. Thus, for a consolidated net loss of EUR 13,783,000, earnings per share came to EUR –0.96 (2007: EUR –0.18).

5. OTHER DISCLOSURES

Average number of employees over the year

Average number of employees over the year

	2008	2007
of which in		
Germany	704	671
The Netherlands	101	111
USA	118	112
Great Britain	85	84
Austria	21	23
Canada	33	47
Belgium	17	15
Italy	15	15
Singapore	15	14
Total	**1,109**	**1,092**

The average number of employees in the Mailstream segment rose by 57 to a total of 188 (2007: 131). This increase only affected employee numbers in Germany. The number of employees in the Mailroom segment sank during the same period by 40.

Management Board and Supervisory Board

The Management Board of FP Holding currently consists of two persons. The former Management Board Chairman of Francotyp-Postalia Holding AG, Hartmut Neumann, left the company at the end of the previous year. The Supervisory Board appointed Dr Heinz-Dieter Sluma as his successor, and he ran the affairs of Francotyp-Postalia Holding AG as Management Board Chairman from 1 January 2008 onwards. The appointment, which was originally intended to run until December 2010, was terminated by the Supervisory Board with immediate effect on 16 February 2009.

The contracts with the two Management Board members Hans-Christian Hiemenz (CFO) and Manfred Schwarze (CTO) were terminated with effect from 30 June 2008, and the Supervisory Board appointed Hans Szymanski as CFO with effect from 1 December 2008. The post of CTO was left vacant. Responsibilities within the Management Board for Research and Development, Intellectual Property, Production, Logistics, Purchasing and Quality Management, which fell to Manfred Schwarze until 30 June 2008, were divided between Dr Sluma and Hans Szymanski.

The following table lists the Management Board members active during 2008 and their individual responsibilities:

Members of the Management Board

Dr. Heinz-Dieter Sluma (Chairman)	
Date of initial appointment	January 2008
Currently appointed until	Appointment terminated in February 2009
Responsibilities	Sales, Marketing, Personnel and Law, Business Development, Research and Development
Hans Szymanski (CFO)	
Date of initial appointment	December 2008
Currently appointed until	December 2011
Responsibilities	Finance and Controlling, IT, Supply Chain
Left in the reporting year:	
Hans Christian Hiemenz	
Date of initial appointment	September 2006
Currently appointed until	Appointment terminated in June 2008
Responsibilities	Controlling, Finance and Accounts, IT, Personnel and Law, Investor Relations
Manfred Schwarze	
Date of initial appointment	September 2006
Currently appointed until	Appointment terminated in June 2008
Responsibilities	Research and Development, Intellectual Property, Production, Logistics, Purchasing, Quality Management

The Management Board members are not members of any supervisory boards or other boards within the meaning of Section 125 paragraph 1 sentence 3 AktG.

On 23 February 2009 Andreas Drechsler was appointed to the Management Board for a period of one year. Previously Andreas Drechsler had been responsible for Foreign Sales and Investor Relations. Within the Management Board he has assumed responsibility for Sales, Marketing and Investor Relations. At the same time Hans Szymanski assumed responsibility for Research and Development, in addition to his existing remit.

On 18 June 2008 the Annual General Meeting appointed Professor Dr Michael J.A. Hoffmann to the Supervisory Board. Professor Dr Hoffmann replaced Dr Rolf Stomberg, who resigned from his post on the Supervisory Board of FP with effect from the end of the Annual General Meeting.

The following table lists the members of FP's Supervisory Board and gives details of their occupations outside FP and other management board or supervisory board mandates with comparable German or foreign controlling bodies:

Members of the Supervisory Board 2008

Name/Occupation	Other management board or supervisory board mandates with comparable German or foreign controlling bodies
Prof. Dr Michael J.A. Hoffmann (Chairman) Management Consultant; Professor of Industrial Production and Organisation at Witten/Herdecke University	**Chairman of the Supervisory Board of** Curtis 1000 Europe AG inframation AG **Deputy Chairman of the Advisory Board of** KST-Motorenversuch GmbH & Co. KG
Christoph Weise (Deputy Chairman) Management Consultant	**Executive Director of** QCR 1 GmbH Quadriga Capital Services GmbH
George Marton Management Consultant	None
Left in the reporting year:	
Dr Rolf Stomberg (former Chairman) Management Consultant	**Chairman of the Supervisory Board of** LANXESS AG, Leverkusen **Deputy Chairman of the Supervisory Board of** Biesterfeld AG, Hamburg **Member of the Supervisory Board of** Deutschen BP, Hamburg Reed Elsevier N. V., Amsterdam TNT N. V., Amsterdam **Member of the Board of Directors of** JSC Severstal, Russia Reed Elsevier plc, London Smith & Nephew plc, London **Deputy Chairman of the Advisory Board of** HOYER GmbH, Hamburg

Shareholder structure

In the financial year 2008 Francotyp-Postalia Holding AG received the following notification from shareholders in accordance with Section 21 paragraph 1 Securities Trading Act (WpHG) and published the information in accordance with Section 26 paragraph 1 WpHG.

J O Hambro Capital Management Limited, J O Hambro Capital Management Group Limited, J O Hambro Capital Management Umbrella Fund plc, all with their headquarters in London, Great Britain

Announcement on 4 February 2008
Correction to information published on 10 and 11 July 2007
J O Hambro Capital Management Limited, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG on 18 May 2007 exceeded the 3% threshold and amounted to 3.10% (455,960 voting rights) of the voting rights on that date. 3.10% (455,960 voting rights) of the voting rights are to be allocated to J O Hambro Capital Management Limited pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG.

J O Hambro Capital Management Group Limited, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG on 18 May 2007 exceeded the 3% threshold and amounted to 3.10% (455,960 voting rights) of the voting rights on that date. 3.10% (455,960 voting rights) of the voting rights are attributable to J O Hambro Capital Management Group Limited pursuant to Section 22 paragraph 1 No. 6 WpHG in conjunction with Section 22 paragraph 1 sentence 2 WpHG.

J O Hambro Capital Management Umbrella Fund plc, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG on 22 May 2007 exceeded the 3% threshold and amounted to 3.02% (444,651 voting rights) of the voting rights on that date.

J O Hambro Capital Management Umbrella Fund plc, with its headquarters in

London, Great Britain, further notified us that its voting rights in Francotyp-Postalia Holding AG on 4 July 2007 exceeded the threshold of 5% and corresponded to a figure of 5.69% (835,956 voting rights) of the voting rights on that date.

J O Hambro Capital Management Limited, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG on 4 July 2007 exceeded the 5% threshold and amounted to 6.01% (882,960 voting rights) of the voting rights on that date. 6.01% (882,960 voting rights) of the voting rights are to be allocated to J O Hambro Capital Management Limited pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG. The voting rights are to be allocated to J O Hambro Capital Management Limited via J O Hambro Capital Management Umbrella Fund plc.

J O Hambro Capital Management Group Limited, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG on 4 July 2007 exceeded the 5% threshold and amounted to 6.01% (882,960 voting rights) of the voting rights on that date. 6.01% (882,960 voting rights) of the voting rights are attributable to J O Hambro Capital Management Group Limited pursuant to Section 22 paragraph 1 No. 6 WpHG in conjunction with Section 22 paragraph 1 sentence 2 WpHG. The voting rights are being allocated to J O Hambro Capital Management Group Limited via J O Hambro Capital Management Umbrella Fund plc, which directly holds 3% or more of the voting rights.

J O Hambro Capital Management Umbrella Fund plc, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG on 5 September 2007 exceeded the 10% threshold and amounted to 10.41% (1,530,435 voting rights) of the voting rights on that date.

J O Hambro Capital Management Limited, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG on 5 September 2007 exceeded the 10% threshold and amounted to 10.84% (1,593,452 voting rights) of the voting rights on that date. 10.84% (1,593,452 voting rights) of the voting rights are to be allocated to J O Hambro Capital Management Limited pursuant to Section 21 paragraph 1 No. 6 WpHG. The voting rights are being allocated to J O Hambro Capital Management Group Limited via J O Hambro Capital Management Umbrella Fund plc, which directly holds 3% or more of the voting rights.

J O Hambro Capital Management Group Limited, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG on 5 September 2007 exceeded the 10% threshold and amounted to 10.84% (1,593,452 voting rights) of the voting rights on that date. 10.84% (1,593,452 voting rights) of the voting rights are attributable to J O Hambro Capital Management Group Limited pursuant to Section 22 paragraph 1 No. 6 WpHG in conjunction with Section 22 paragraph 1 sentence 2 WpHG. The voting rights are being allocated to J O Hambro Capital Management Group Limited via J O Hambro Capital Management Umbrella Fund plc, which directly holds 3% or more of the voting rights.

Announcement on 18 April 2008

J O Hambro Capital Management Group Limited, with its headquarters in London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG (WKN [= Wertpapierkennnummer, the German Securities Identification Number] FPH900; ISIN DE000FPH9000) on 14 April 2008 had fallen below the 10% threshold and corresponded to a figure of 9.35% (1,373,948 voting rights) of the voting rights on that date.

9.35% (1,373,948 voting rights) of the voting rights are to be allocated to J O Hambro Capital Management Group Limited pursuant to Section 22 paragraph 1 No. 6 WpHG in conjunction with Section 22 paragraph 1 sentence 2 WpHG.

The voting rights are to be allocated to J O Hambro Capital Management Group Limited via J O Hambro Capital Management Umbrella Fund plc, which directly holds 3% or more of the voting rights.

J O Hambro Capital Management Limited, with its headquarters in London, Great Britain, further notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG (WKN

FPH900; ISIN DE000FPH9000) had fallen below the 10% threshold and corresponded to a figure of 9.35% (1,373,948 voting rights) of the voting rights on that date.

9.35% (1,373,948 voting rights) of the voting rights are to be allocated to J O Hambro Capital Management Limited pursuant to Section 22 paragraph 1 No. 6 WpHG in conjunction with Section 22 paragraph 1 sentence 2 WpHG.

Announcement on 17 July 2008

On 15 July 2008 J O Hambro Capital Management Group Limited, London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 5% on 14 July 2008 and amounted to 3.94% (corresponding to 579,198 voting rights) of the voting rights on that date. 3.94% (579,198 voting rights) of the voting rights are attributable to J O Hambro Capital Management Group Limited pursuant to Section 22 paragraph 1 No. 6 WpHG in conjunction with Section 22 paragraph 1 sentence 2 WpHG. The voting rights are to be allocated to J O Hambro Capital Management Group Limited via J O Hambro Capital Management Umbrella Fund plc, which directly holds 3% or more of the voting rights.

On 15 July 2008 J O Hambro Capital Management Limited, London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 5% on 14 July 2008 and amounted to 3.94% (corresponding to 579,198 voting rights) of the voting rights on that date. 3.94% (579,198 voting rights) of the voting rights are to be allocated to J O Hambro Capital Management Limited pursuant to Section 22 paragraph 1 No. 6 WpHG.

The voting rights are being allocated to J O Hambro Capital Management Limited via J O Hambro Capital Management Umbrella Fund plc, which directly holds 3% or more of the voting rights.

On 16 July 2008 J O Hambro Capital Management Umbrella Fund plc, London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 5% on 11 July 2008 and amounted to 4.81% (corresponding to 706,898 voting rights) of the voting rights on that date.

Announcement on 4 August 2008

On 1 August 2008 J O Hambro Capital Management Group Limited, London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 3% on 29 July 2008 and amounted to 0% (0 voting rights) of the voting rights on that date. 0% (0 voting rights) of the voting rights are attributable to J O Hambro Capital Management Group Limited pursuant to Section 22 paragraph 1 No. 6 WpHG in conjunction with Section 22 paragraph 1 sentence 2 WpHG. The voting rights are to be allocated to J O Hambro Capital Management Group Limited via J O Hambro Capital Management Umbrella Fund plc, which directly holds 0% or more of the voting rights.

On 1 August 2008 J O Hambro Capital Management Limited, London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 3% on 29 July 2008 and amounted to 0% (0 voting rights) of the voting rights on that date. 0% (0 voting rights) of the voting rights are to be allocated to J O Hambro Capital Management Limited pursuant to Section 22 paragraph 1 No. 6 WpHG.

The voting rights are to be allocated to J O Hambro Capital Management Limited via J O Hambro Capital Management Umbrella Fund plc, which directly holds 0% or more of the voting rights.

On 1 August 2008 J O Hambro Capital Management Umbrella Fund plc, London, Great Britain, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 3% on 29 July 2008 and amounted to 0% (0 voting rights) of the voting rights on that date.

Kairos Investment Management Limited, with its headquarters in London, Great Britain, KIM SpA, with its headquarters in Milan, Italy, and KIM BV, with its headquarters in Amsterdam, the Netherlands

Announcement on 4 April 2008

Kairos Investment Management Limited, with its headquarters in London, Great Britain, notified us on its own behalf and on behalf of KIM SpA, with its headquarters in Milan, Italy, KIM BV, with its headquarters in Amsterdam, the Netherlands, and Kairos Fund Ltd, with its headquarters in George Town, Grand Cayman, Cayman Islands, pursuant to Section 21 paragraph 1 WpHG, that the voting rights of KIM SpA, KIM BV, Kairos Investment Management Ltd and Kairos Fund Ltd in Francotyp-Postalia Holding AG, Birkenwerder (WKN FPH900, ISIN DE000FHP9000) on 1 April 2008 have each exceeded the 3% threshold and each amounted to 3.01% (442,146 shares) of the voting rights on that date.

3.01% (442,146 shares) of the voting rights are attributable to Kairos Investment Management Ltd pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG and to Kairos SpA and Kairos BV respectively pursuant to Section 22 paragraph 1 No. 6 in conjunction with sentence 2 WpHG.

The voting rights of Kairos Fund Ltd, which holds 3% or more in Francotyp-Postalia Holding AG, are to be allocated to KIM SpA, KIM BV and Kairos Investment Management Ltd.

Announcement on 29 July 2008

Kairos Investment Management Limited, with its headquarters in London, Great Britain, notified us on its own behalf and on behalf of Kairos Fund Ltd, with its headquarters in George Town, Grand Cayman, Cayman Islands, KIM SpA, with its headquarters in Milan, Italy, and KIM BV, with its headquarters in Amsterdam, the Netherlands, and pursuant to Section 21 paragraph 1 WpHG, that the voting rights of KIM SpA, KIM BV, Kairos Investment Management Ltd and Kairos Fund Ltd in Francotyp-Postalia Holding AG, Birkenwerder (WKN FPH900, ISIN DE000FHP9000) on 23 July 2008 had each fallen below the 3% threshold and each amounted to 2.95% (433,801 shares) of the voting rights on that date.

2.95% (433,801 shares) of the voting rights are attributable to Kairos Investment Management Ltd pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG and to Kairos SpA and Kairos BV respectively pursuant to Section 22 paragraph 1 No. 6 in conjunction with sentence 2 WpHG.

Correction to the information published in accordance with Section 26 paragraph 1 WpHG on 29 July 2008

Kairos Investment Management Limited, with its headquarters in London, Great Britain, notified us on its own behalf and on behalf of Kairos Fund Ltd, with its headquarters in George Town, Grand Cayman, Cayman Islands, KIM SpA, with its headquarters in Milan, Italy, and KIM BV, with its headquarters in Amsterdam, Netherlands, and pursuant to Section 21 paragraph 1 WpHG, that the voting rights of KIM SpA, KIM BV, Kairos Investment Management Ltd and Kairos Fund Ltd in Francotyp-Postalia Holding AG, Birkenwerder (WKN FPH900, ISIN DE000FHP9000) on 23 July 2008 had each fallen below the 3% threshold and each amounted to 2.95% (433,801 shares) of the voting rights on that date.

2.95% (433,801 shares) of the voting rights are attributable to Kairos Investment Management Ltd pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG and to Kairos SpA and Kairos BV respectively pursuant to Section 22 paragraph 1 No. 6 in conjunction with sentence 2 WpHG.

Baillie Gifford & Co., Baillie Gifford Overseas Limited, both with their headquarters in Edinburgh, Scotland

Announcement on 17 July 2008

On 16 July 2008 Baillie Gifford & Co, Edinburgh, Scotland, UK, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had exceeded the threshold of 5% on 14 July 2008 and amounted to 5.39% (792,000 voting rights) of the voting rights on that date. 1.61% of voting rights (236,500 voting rights) are attributable to Baillie Gifford & Co pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG and 3.78% (555,500 voting rights) to Baillie Gifford & Co. pursuant to Section 22 paragraph 1 sentence 1 No. 6 and sentence 2 WpHG.

On 16 July 2008 Baillie Gifford & Co, Edinburgh, Scotland, UK, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had exceeded the threshold of 3% on 14 July 2008 and amounted to 3.78% (555,500 voting rights) of the voting rights on that date. 3.78% (555,500 voting rights) of the voting rights are to be allocated to Baillie Gifford Overseas Limited pursuant to Section 22 paragraph 1, sentence 1 No. 6 WpHG.

On 16 July 2008 Baillie Gifford & Co, Edinburgh, Scotland, UK, further notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had exceeded the threshold of 3% on 12 June 2008 and amounted to 4.03% (592,000 voting rights) of the voting rights on that date. 1.20% of voting rights (177,000 voting rights) are attributable to Baillie Gifford & Co pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG and 2.82% (415,000 voting rights) to Baillie Gifford & Co. pursuant to Section 22 paragraph 1 sentence 1 No. 6 and sentence 2 WpHG.

Amiral Gestion, with its headquarters in Paris, France

Announcement on 29 July 2008

On 28 July 2008 Amiral Gestion, registered in Paris, France, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG in Birkenwerder, Germany (ISIN DE000FPH9000, WKN FPH900), on 25 July 2008 exceeded the 5% voting rights threshold and amounted to 6.90% (corresponding to 1,013,953 voting rights) of the voting rights on that date.

6.90% (1,013,953 shares) of voting rights are to be allocated to Amiral Gestion pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG.

Addendum to the information published on 29 July 2008

On 29 July 2008, Amiral Gestion, registered in Paris, France, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG in Birkenwerder, Germany (ISIN DE000FPH9000, WKN FPH900), on 18 December 2007 exceeded the 3% voting rights threshold and amounted to 4.09% (corresponding to 601,224 voting rights) of the voting rights on that date.

4.09% (601,224 shares) of voting rights are to be allocated to Amiral Gestion pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG.

Correction to our addendum of 29 July 2008:
On 29 July 2008, Amiral Gestion, registered in Paris, France, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG in Birkenwerder, Germany (ISIN DE000FPH9000, WKN FPH900), on 18 December 2007 exceeded the 3% voting rights threshold and amounted to 3.41% (corresponding to 501,301 voting rights) of the voting rights on that date.

3.41% (501,301 shares) of voting rights are to be allocated to Amiral Gestion pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG.

Announcement on 31 July 2008
On 31 July 2008, Amiral Gestion, registered in Paris, France, notified us pursuant to Section 21 paragraph 1 WpHG that its share of the voting rights in Francotyp-Postalia Holding AG in Birkenwerder, Germany (ISIN DE000FPH9000, WKN FPH900), on 30 July 2008 exceeded the 10% voting rights threshold and amounted to 11.30% (corresponding to 1,660,679 voting rights) of the voting rights on that date.

11.30% (1,660,679 shares) of voting rights are to be allocated to Amiral Gestion pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG.

Financière de L’Echiquier, with its headquarters in Paris, France

Correction to our announcements of 5 July and 13 November 2007
Financière de L’Echiquier Paris, France, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had exceeded the threshold of 3% on 7 March 2007 and amounted to 3.27% (480,952 voting rights) of the voting rights on that date.

0.027% (4,000 voting shares) of voting rights are to be allocated to Financière de L’Echiquier pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG.

Financière de L'Echiquier Paris, France, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had exceeded the threshold of 5% on 1 November 2007 and amounted to 5.112% (751,510 voting rights) of the voting rights on that date.

0.02% (3,340 voting shares) of these voting rights are to be allocated to Financière de L'Echiquier pursuant to Section 22 paragraph 1 sentence 1 No. 6 WpHG.

Invesco UK Limited, Invesco Limited, both companies with their headquarters in London, Great Britain

Notification dated 1 December 2008
On 28 November 2008 Invesco UK Limited, London, United Kingdom, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 5% on 11 November 2008 and amounted to 4.9949% (734,250 voting rights) of the voting rights on that date.

4.9949% (734,250 voting rights) of the voting rights are to be allocated to the company pursuant to Section 22 paragraph 1, sentence 1 No. 6 WpHG. In this connection voting rights are being allocated to it from the following shareholders, whose share of the voting rights in Francotyp-Postalia Holding AG each amounts to 3% or more: Invesco Fund Managers Limited.

On 28 November 2008 Invesco UK Limited, London, United Kingdom, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 5% on 11 November 2008 and amounted to 4.9949% (734,250 voting rights) of the voting rights on that date.

4.9949% (734,250 voting rights) of the voting rights are to be allocated to the company pursuant to Section 22 paragraph 1, sentence 1 No. 6 WpHG. In this connection voting rights are being allocated to it from the following shareholders, whose share of the voting rights in Francotyp-Postalia Holding AG each amounts to 3% or more: Invesco Fund Managers Limited.

Eric Spoerndli, Switzerland

Notification dated 1 December 2008

On 1 December 2008 Eric Spoerndli, Switzerland, notified us pursuant to Section 21 paragraph 1 WpHG that his share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had exceeded the threshold of 3% on 27 November 2008 and amounted to 3.28% (481,894 voting rights) of the voting rights on that date.

KBL Richelieu Gestion, with its headquarters in Paris, France

Notification dated 19 December 2008

On 16 December 2008 KBL Richelieu Gestion, Paris, France, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900) had exceeded the thresholds of 3% and 5% on 29 August 2008 and amounted to 6.14% (903,000 voting rights) of the voting rights on that date.

On 16 December 2008 KBL Richelieu Gestion, Paris, France, notified us pursuant to Section 21 paragraph 1 WpHG that its share of voting rights in Francotyp-Postalia Holding AG, Birkenwerder, Germany (ISIN: DE000FPH9000, WKN: FPH900), had fallen below the threshold of 5% on 22 October 2008 and amounted to 4.85% (713,000 voting rights) of the voting rights on that date.

RELATED PARTY DISCLOSURES

The disclosure obligation under IAS 24 applies to controlling parties and to transactions with associated companies and with parties exercising a significant influence over the financial and operating policies of the FP Group, including close members of the family or intermediates. A significant influence on the financial and operating policies of FP Group can be based on a shareholding of 20% or more in FP Holding, a seat on the Management Board of FP Holding or another key management position.

Accordingly, in the reporting year related parties of the FP Group included the shareholders Quadriga Capital Private Equity Fund II L.P., Quadriga Capital Limited, Stockwell Fund L.P. and the members of the Management and Supervisory Boards of FP Holding.

Related party transactions only took place to a very limited extent. The transactions took place on arm's length terms.

In addition to the subsidiaries included in the consolidated financial statement, FP Holding has direct or indirect business relations in the course of its normal operations with the associated, non-consolidated company FP Data Center Inc., Japan. All transactions with this company took place on arm's length terms.

Total remuneration of Management Board and Supervisory Board members

Management Board remuneration is set at a reasonable level by the Supervisory Board on the basis of performance assessments of the persons concerned, while also taking into account any payments by Group companies. Criteria for determining the suitability of the remuneration include the duties of the Management Board member in question, his personal performance, the performance of the Management Board as a whole, as well as the macroeconomic situation and the company's performance and future prospects, giving due consideration to the company's peer group. The employment contracts concluded with Board members stipulate a fixed annual salary plus a performance-related bonus. No bonuses were paid to Board members for the 2008 financial year, however. The direct remuneration paid to Management Board members totalled EUR 651,000, of which EUR 586,000 comprised the fixed annual salaries and EUR 65,000 represented payment in kind. The payments in kind chiefly consist of the value of company car use as determined in compliance with the provisions of tax law, as well as rent allowances and individual insurance contributions.

No share-based remuneration agreements were in place, and in 2009 there continues to be no share option scheme. The remuneration for the 2008 financial year was as follows:

Remuneration for the 2008 financial year

EUR thousand	Fixed salary	Compensation	Payment in kind and allowances	Total remuneration
Dr Heinz-Dieter Sluma	348	0	32	380
Hans Szymanski (December 2008 onwards)	22	0	3	25
Hans Christian Hiemenz (until June 2008)	108	510	16	634
Manfred Schwarze (until June 2008)	108	510	14	632
Total	**586**	**1,020**	**65**	**1,671**

As compensation for the premature termination of their contracts of employment, the two former Management Board members Hans Christian Hiemenz and Manfred Schwarze each received a payment of EUR 510,000.

Each member of the Supervisory Board receives fixed lump sum remuneration of EUR 10,000 per financial year, payable in the final month of the year. The Supervisory Board Chairman receives 2.5 times this amount and the Deputy Chairman double. A provision of EUR 72,000 has been set aside for outstanding Supervisory Board remuneration including expenses.

On 18 June 2008 the Annual General Meeting agreed to a change in the Articles of Association concerning Supervisory Board remuneration whereby, from the 2009 financial year onwards, each Supervisory Board member would receive, as well as cash expenses plus VAT for his/her Supervisory Board duties, lump sum remuneration of EUR 30,000, payable in the final month of the financial year. Under this arrangement the 2009 lump-sum remuneration due to the Chairman will be 150% and to the Deputy Chairman 125% of the remuneration for ordinary Supervisory Board members.

Provisions of EUR 1,078,000 have been made for pension obligations towards past and present Management Board members or Managing Directors and their surviving dependents. None of the Management Board members' immediate relatives has any business relationship with Francotyp-Postalia.

Auditing fees recognised as expenses

Expenses of EUR 196,000 (2007: EUR 231,000) have been recognised in the separate German financial statements for 2008 for services by the auditors of FP Holding, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft Berlin. These fees relate solely to audits of financial statements.

Corporate Governance

The German Corporate Governance Code, as first adopted in February 2002 and in its currently prevailing version adopted on 6 June 2008, contains recommendations and suggestions for the management and supervision of German listed companies in relation to shareholders, the Annual General Meeting, the management board and supervisory board, transparency, rendering of accounts and auditing.

The Management Board and Supervisory Board of Francotyp-Postalia Holding AG adhere to the Code's goal of promoting responsible and transparent corporate management and supervision geared to bringing about a sustained increase in corporate value, and are committed to the implementation of the recommendations and proposals of the Corporate Governance Code (Code), in particular where they concern shareholder interests. However, the company does depart from those recommendations in some areas. These departures have been elucidated in the Management Board and Supervisory Board's Declaration of Compliance with the 6 June 2008 version of the Code. In accordance with Section 161 AktG, they are also set out on our website in order to allow our shareholders permanent access to them.

Publication of the consolidated financial statements

The consolidated financial statements are announced in the electronic version of the Federal Gazette (Bundesanzeiger) and the announcement, together with the documents mentioned therein, is lodged with the Company Register. Francotyp-Postalia GmbH, Francotyp-Postalia Vertrieb und Service GmbH, FP International GmbH, FP Hanse GmbH and FP Direkt Vertriebs GmbH are exempt from the obligation to publish their financial statements in accordance with Section 264 paragraph 3 German Commercial Code (HGB) in conjunction with Section 325 HGB. Francotyp-Postalia GmbH and Francotyp-Postalia Vertriebs- und Service GmbH are also exempt from the obligation to prepare a management report in accordance with Section 264 paragraph 3 HGB in conjunction with Section 289 HGB. The corresponding resolutions have been announced in the electronic version of the Federal Gazette.

The responsibility statement in accordance with Section 37 y No. 1 WpHG in conjunction with Sections 297 paragraph 2 sentence 3 and 315 paragraph 1 sentence 6 HGB can be found in the Group management report.

Birkenwerder, 16 March 2009

Management Board, Francotyp-Postalia Holding AG

Hans Szymanski
Management Board

Andreas Drechsler
Management Board

INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Francotyp-Postalia Holding GmbH, Birkenwerder – comprising the balance sheet, the income statement, the notes to the consolidated financial statements, statement of changes in equity, segment report (as part of the notes) and cash flow statement – and the Group management report for the business year from 1 January to 31 December 2008. The preparation of the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to German Commercial Code (HGB) is the responsibility of the corporate officers of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with § 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by company officers, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

Independent Auditors' Report
In our opinion, based on the findings of our audit, the consolidated financial statements of Francotyp-Postalia Holding AG, Birkenwerder, comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a paragraph 1 German Commercial Code (HGB) and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, 19 March 2009
DELOITTE & TOUCHE GMBH
Wirtschaftsprüfungsgesellschaft

ROHMANN PP	KEMPE
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In 2008 the Supervisory Board performed the duties required of it according to prevailing law, the Articles of Association and company standing orders as well as taking the associated decisions as and when necessary. The Supervisory Board held a total of six in-person meetings and two conference call meetings. The entire Board attended all meetings bar one, for which one member gave his apologies.

Monitoring the Management Board

Discussions between the Management Board and the Supervisory Board focused on the economic situation of Francotyp-Postalia Holding AG as well as all issues of relevance concerning the company's business development planning and the execution of the restructuring programme MOVE. In this connection the Supervisory Board felt it expedient to subject the corporate plans drawn up by the Management Board to careful scrutiny, and decided by a resolution passed on 9 January 2009 to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, to perform this role.

At the meeting on 8 April 2008 the Supervisory Board had the opportunity, in the presence of the independent auditor, to engage in detailed discussions of business trends during 2007 as well as taking an in-depth look at both the individual annual financial statements and management report and the consolidated financial statements and consolidated management report of Francotyp-Postalia Holding AG.

One major talking point was the loan agreement entered into between FP GmbH and a consortium of banks led by BNP Paribas in connection with the stock market flotation of the FP Group in 2006. Under this loan agreement FP GmbH is required to keep to certain key financial figures relating to the ratio between net indebtedness and EBITDA as disclosed in the consolidated financial statements. For the future, and above all in light of the expansion of the new Mailstream Services Business Centre, FP GmbH has negotiated an extension with the banks and arranged new conditions from the end of the year.

In their meetings the Supervisory Board and Board Of Management have regularly fine-tuned the strategic direction of Francotyp-Postalia Holding AG and discussed the current state of strategy implementation. The development of the new Mailstream Business Centre has always been a central topic of these discussions, and a further major theme is the option of more intensively exploiting the Asian market through our own subsidiary. To this end the Supervisory Board has approved the acquisition of the 45% share from the existing joint venture FP/GPS Assembly PTE Ltd. The Supervisory Board was promptly notified by the Management Board of all other important events which could be significant in judging the company's current circumstances, direction and ongoing management, including the risk situation, risk management and compliance, as well as of any divergent business trends, and has been able to exhaustively discuss such matters on the basis of the written and verbal reports furnished by the Management Board.

Committees

Due to the corporate size of Francotyp-Postalia Holding AG and the fact that the Articles of Association prescribe that the Supervisory Board must have three members and no more, as a rule no other committees are formed. While the Supervisory Board continues to be limited to three persons, the Board as a whole assumes the duties of an Audit Committee.

In-depth discussions of the annual and consolidated financial statements

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, Berlin branch, has audited the annual financial statements and management report of Francotyp-Postalia Holding AG to 31 December 2008 as well as the consolidated financial statements and consolidated management report to 31 December 2008 and has issued an unqualified opinion thereof. In accordance with Section 315a German Commercial Code (Handelsgesetzbuch, HGB), the consolidated management report and consolidated financial statements were drawn up according to International Financial Reporting Standards (IFRS).

The independent auditor conducted his audit of the annual and the consolidated financial statements in accordance with the generally accepted standards for the audit of financial statements promulgated by the IDW Institute of Public Auditors in Germany, complemented by the International Accounting Standards (IAS). The above-mentioned documents, together with the audit report by Deloitte & Touche and the Management Board's proposal for the treatment of the net loss, were submitted to the Supervisory Board in good time. During the balance sheet meeting held by the Supervisory Board on 30 March 2009, in the presence of the independent auditor, who reported on his main audit findings, the 2008 annual financial statements, consolidated financial statements 2008 and associated management reports and audit report were subjected to detailed scrutiny.

The Supervisory Board concurs with the Management Board's reports and annual financial statement on the state of the company as well as with the results of the audit report. Accordingly the Supervisory Board raises no objections thereto. The Supervisory Board has approved the financial statements drawn up by the Management Board which are therefore duly adopted. The Supervisory Board hereby approves the Management Board's proposal to carry forward the net loss for the year of EUR 11,1 million onto new account.

Corporate Governance

At the joint meeting held on 30 March 2009, the Management Board and Supervisory Board issued a Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG). This declaration will be permanently available to shareholders on the Francotyp-Postalia Holding AG website. The Management Board and Supervisory Board broadly comply with the proposals and recommendations of the Corporate Governance Code. The Corporate Governance Report, which forms part of the 2008 Annual Report, and the Declaration of Compliance give detailed explanations of points where the Management Board and Supervisory Board depart from the Code's proposals and recommendations.

Changes in the Supervisory Board and Board Of Management

Dr Rolf Stomberg resigned from his post on the company's Supervisory Board with effect from the end of the Annual General Meeting of Shareholders on 18 June 2008. As a result a new Supervisory Board member had to be elected. The company would like to thank Dr Stomberg for his efforts during his period of office.

According to Sections 95 & 96 AktG and Section 10 paragraph 1 of the Articles of Association, the company Supervisory Board is composed of three members to be chosen by the General Meeting of Shareholders. The Supervisory Board proposed the appointment of Professor Dr Michael J. A. Hoffmann, an entrepreneur from Dortmund and Honorary Professor Dr of the University of Witten/Herdecke, with effect from the end of the Annual General Meeting of Shareholders.

In accordance with Section 10 paragraph 4 of the Articles of Association Professor Dr Hoffmann was appointed for Dr Stomberg's remaining term of office, until the end of the Annual General Meeting of Shareholders called to resolve the approval of the 2010 financial statements.

Professor Dr Hoffmann holds the following supervisory board seats or comparable board seats in German or foreign companies:

- Chairman of the Supervisory Board, CURTIS 1000 Europe AG, Neuwied,
- Chairman of the Supervisory Board, Inframation AG, Frankfurt/Dortmund and
- Vice Chairman of the Advisory Board, KST Motorenversuch GmbH & Co. KG, Bad Dürkheim

Professor Dr Hoffmann is also

- Managing Partner of TMM Technology Marketing Management GmbH, Dortmund
- Executive Director of MIC Management Industrie Consult GmbH, Dortmund and
- an executive director of various other companies in which TMM Technology Marketing Management GmbH has a majority holding.

At the constitutive meeting of the new Supervisory Board Professor Dr Hoffmann was voted Chairman. The other members of the Supervisory Board are Mr Christoph Weise, who is Deputy Chairman, and Mr Georg Marton.

With effect from 1 January 2008 the Supervisory Board has appointed Dr Heinz-Dieter Sluma a member of the Management Board with individual signatory powers and declared him Chairman of the Management Board of Francotyp-Postalia Holding AG. Previously Dr Heinz-Dieter Sluma was Executive Vice President of Schott AG with responsibility for its largest business segment, before which he was President of Global Sales and Marketing at Dräger Safety, part of Drägerwerk AG. At Francotyp-Postalia Holding AG he was responsible for Sales, Marketing, Business Development, Personnel, Law and Research & Development. The appointment of Dr Heinz-Dieter Sluma as chairman and a member of the Management Board was countermanded by the Supervisory Board on 16 February 2009 with immediate effect.

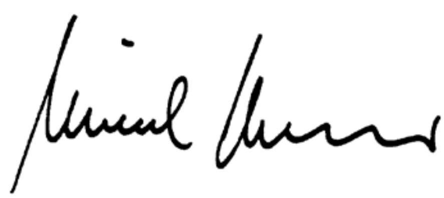
On 30 June 2008 the Supervisory Board reached agreement with Board Of Management members Hans-Christian Hiemenz (CFO) and Manfred Schwarze (CTO) concerning the termination of their contracts. No new appointment has been made to the position of CTO but the Supervisory Board has appointed Hans Szymanski as the new financial director of Francotyp-Postalia Holding AG with effect from 1 December 2008. Mr Szymanski is a graduate economist with many years of experience in the field of financial management. Previously, Mr Szymanski was CFO Central Europe at Dematic GmbH, Offenbach and an executive director of Jenoptik Laser Optik Systeme GmbH in Jena. In recent years his professional duties have focused on the restructuring and reorganisation of cost and corporate structures. Given this background, Mr Szymanski can be expected to make a key contribution to driving forward the realignment and restructuring of the FP Group.

After the dismissal of Dr Sluma, Andreas Drechsler was appointed as an additional member of the Management Board for one year. Mr Drechsler has been at Francotyp-Postalia since 1999 and worked as a commercial director for Francotyp-Postalia, Inc. in the USA until he became Senior Vice President Sales and Investor Relations at the end of 2007. He took on Management Board responsibility for Sales, Marketing and Investor Relations. Mr Szymanski will, in addition to the areas of Finance, IT and Production, also take over responsibility for Research and Development, Personnel and Legal Affairs.

Due to the adverse global economic situation the past year has been a difficult one, and the FP Group has not been alone in feeling the effects of the general downturn. For that reason the Supervisory Board would like to offer special thanks to all our employees, the Works Council and the Management Board for their commitment over the past year. Our thanks are also due to the shareholders of Francotyp-Postalia Holding AG for their continuing confidence in the company.

April 2009

The Supervisory Board
Francotyp Postalia Holding AG



Professor Dr Michael J. A. Hoffmann

WEAK STOCK MARKET YEAR FOR FP SHARE

Difficult capital market

In 2008, stock markets were hit by the financial crisis and the onset of global recession. Extremely volatile commodity prices and a fluctuating US dollar had further negative effects on the capital markets.

During the course of the year, the Dow Jones index fell by over 30%, the biggest loss in share values since 1931. The German DAX was down by as much as 40%, making 2008 the second worst in its 20-year history.

Uncertainty about the future of the economy and a rising aversion to risk in the wake of the financial crisis resulted in lesser-traded stocks experiencing even greater falls in the second half of the year. The German index for small caps SDAX experienced a drop of around 46% during the year. The first day of trading in 2008 was to mark the highest point in the SDAX for the rest of the year.

FP share also hit

Due to the negative market, the FP share was badly hit in 2008, too, falling from EUR 6.80 at the start of the year to close at EUR 0.85 at year-end. The share reached its highest price in XETRA trading at EUR 7.20 during the first few weeks of 2008. However, by June it had fallen to EUR 3.00. The lowest price in 2008 was recorded at the end of November at EUR 0.80.

Aside from poor trade at stock exchanges, two further developments helped push the share price down: firstly, the share's fall during the first few months made it an increasingly unattractive proposition for institutional investors who base their investments on minimum levels of market capitalisation and trading volumes. Secondly, many investors wanted to first determine the success of the Group's restructuring measures in 2008, before contemplating an investment at a later stage.

The additional costs arising from restructuring, the poor economy and the fluctuating US dollar all combined to produce a negative effect on the FP Group's operative business. As a result, the Group was forced to revise its guidance during the course of the year – an additional factor which put further pressure on the FP share.

But despite the heavy downward move in share prices in general, the Francotyp share still recorded an average daily turnover of 17,600 shares at German stock markets during 2008. At peak trading days, some 300,000 Francotyp shares changed hands.

Stable shareholder structure

Despite what proved to be a turbulent year for stock markets, Francotyp-Postalia's shareholder structure remained broadly based. Historic shareholders still held 34.64% of Francotyp shares at the close of 2008, with the remaining 65.36% widely spread.

The composition of the historic shareholders is as follows: the two pre-IPO investors, Quadriga Capital Private Equity Fund II L.P. and Quadriga Capital Limited, still hold 22.40% and 3.90% of stock respectively. Freelog Ltd. holds an additional 1.89%. The three former members of the Management Board, Christian Hiemenz, Hartmut Neumann and Manfred Schwarze, each hold a 2.15% share in FP. As of December 31, 2008, notifications received showed that the following investors each held voting rights in excess of 3%: Amiral Gestion (11.30%), Baillie Gifford & Co (5.39%), Financière de L'Echiquier (5.11%), INVESCO UK Limited (4.99%), Richelieu Finance Gestion Privée (4.85%) and Eric Spoerndli (3.28%).

This means that the FP Group has a good base of European institutional investors behind it. Additionally, the financial institutes JPMorgan Cazenove and SES Research both publish regular studies on the company.

Investor relations

A difficult environment and operative developments within the FP Group placed especial challenges on investor relations work during 2008. The company remains committed to a continual and open dialogue with all interested parties, including analysts, fund managers, private investors and financial journalists. During the year, the Management Board and the investor relations team used investor conferences and roadshows to present Francotyp-Postalia's business model in direct talks and to report on the progress of restructuring. In November 2008, the company participated in the German Equity Forum in Frankfurt for the first time, Europe's most important platform for equity capital finance for medium-sized companies.

The Forum was an opportunity for the FP Group to present itself to a wide audience of investors and analysts. The company also ran conference calls covering the publication of its quarterly figures throughout 2008. This enabled Management to present the latest developments and answer questions from analysts and investors. The Annual General Meeting held on 18 June 2008 in Berlin was another major event for dialogue and the dissemination of information. Around 70% of voting rights were represented at the 2008 AGM. Following open discussion, the votes represented ratified the resolutions proposed by Management by a large majority.

Investor relations is a central source of information about the company throughout the financial year and can be visited at our website at http://www.francotyp.com. The website holds all the relevant publications for investors such as annual and quarterly reports, ad hoc announcements and press releases, etc. Further information can be obtained by phoning the investor relations team directly on +49 (0)3303 525 410.

Completion of share buy-back programme

During the first half of 2008, Francotyp-Postalia Holding AG completed its share buy-back programme started in November 2007. In the course of the last financial year, the company acquired 256,312 own shares, corresponding to 1.74% of capital stock. The acquisition of own shares was transacted at an average price of EUR4.71. The total volume transacted came to around EUR 1.2 million.

In total, the share buy-back programme led to 370,444 own shares being purchased via the stock exchange. That corresponds to 2.5% share of capital stock.

Key data on the Francotyp share

Number of shares	14.7 million
Type of share	Bearer share
Capital stock	EUR 14.7 million
Voting rights	Every share has one vote
WKN	FPH900
ISIN	DE000FPH9000
Stock exchange code	FHP
Trading segment	Official market (Prime Standard)
Stock exchanges	Xetra and regional German exchanges
Designated sponsor	JPMorgan Cazenove
Coverage	JPMorgan Cazenove, SES Research
Official announcements	Electronic Federal Gazette
Closing price Xetra Dec 31, 2007	EUR 6.55
Year high Xetra	EUR 7.20
Year low Xetra	EUR 0.80
Closing price Xetra Dec 31, 2008	EUR 0.85
Market capitalisation Dec 31, 2008	EUR 12.5 million

CORPORATE GOVERNANCE REPORT AND REMUNERATION REPORT

The purpose of the German Corporate Governance Code is to make the rules prevailing in Germany for the management and supervision of companies as transparent as possible for both domestic and international investors. The Code's provisions and rules cover the fields of shareholder interests, the Management Board and Supervisory Board, the transparency of company management and the duties of the independent auditor. The Management Board and Supervisory Board of Francotyp-Postalia Holding AG are committed to the implementation of the recommendations and proposals of the Corporate Governance Code (Code), in particular where they concern shareholder interests. However, the company does depart from those recommendations in some areas, and these departures are elucidated below and in the version of the Declaration of Compliance according to the Code issued on 6 June 2008.

The Annual General Meeting

A Annual General Meeting is held at least once a year. The purpose of the Annual General Meeting is to resolve on the acceptance of the adopted consolidated and annual financial statements and associated management reports, to resolve on the appropriation of the net profit and in this connection to formally approve the actions of members of the Supervisory Board and Management Board. The ordinary Annual General Meeting is also responsible each year for choosing the independent auditor. At the Annual General Meeting the shareholders of Francotyp-Postalia Holding AG have the opportunity to exercise their rights to participate in the administration and control of the company. They have the option of either exercising their voting rights personally or nominating a proxy/authorised representative of their choice, which may also be an association of shareholders, to exercise those rights on their behalf. To make it easier for shareholders to exercise their rights, the company also offers the services of a proxy who is available before and during the General Meeting.

The documents required for the Annual General Meeting, including the Agenda/Invitation, are readily available to shareholders on the company's website. Wherever the corresponding authorisation has been granted, Francotyp-Postalia is glad to provide all domestic and foreign financial service providers, shareholders and shareholders' associations with the Invitation to the Annual General Meeting plus associated documents in electronic form. It is of course in both the company's and the shareholders' interests to conduct the business of the Annual General Meeting as swiftly as possible, and accordingly the Articles of Association allow the person chairing the Annual General Meeting to place reasonable limits on the time allotted to shareholders to pose questions and exercise their right to speak. On cost grounds, and also due to the high degree of organisational effort involved, full Internet transmission of the Annual General Meeting is not planned.

Collaboration between the Management Board and Supervisory Board

Achieving sustained increases in company value is the common goal of the collaboration between the Management Board and the Supervisory Board. The two Boards meet at regular intervals to discuss the strategic direction of the company as jointly coordinated by the Management Board and the Supervisory Board. The Management Board also provides the Supervisory Board with regular information on all issues relating to planning, business trends, risk, risk management and compliance. In its reporting the Management Board discusses and gives reasons for any discrepancies between the actual course of business and the company's plans and targets. The Supervisory Board has drawn up Rules of Procedure setting out the details of the Management Board's disclosure and reporting duties. These Management Board Rules of Procedure also stipulate that the Supervisory Board has the right of veto with respect to decisions or measures which could materially affect the company's assets, financial situation or earnings position, and also concerning transactions of major importance.

Francotyp-Postalia Holding AG has taken out D&O insurance with no excess for members of both the Management Board and the Supervisory Board.

During the first half of the year Francotyp-Postalia Holding AG was run by a three-man Management Board, from which one Board member was appointed Chairman. After the departure of two Board members in June 2009, the company was temporarily run by just one Board member. On 16 February 2009 the appointment of the Chairman and Management Board member was countermanded with immediate effect by resolution of the Supervisory Board. With effect of 1 December 2008 and immediate effect as of 23 February 2009 new Management Board members were appointed so that the Management Board continued to exist with two members. A speaker for the Management Board has not been appointed.

The overall remuneration package for Management Board members comprises the monetary remuneration portion, pension commitments and other commitments, in particular for the event of the termination of employment, as well as ancillary payments of any kind and payments from third parties which have been granted during the financial year or pledged for Management Board activities. In compliance with the recommendations of the Corporate Governance Code the monetary remuneration portion is composed of both fixed and variable elements.

To date the company has not put in place any variable remuneration components designed to act as long-term incentives and entailing an element of risk, such as share options or comparable arrangements. However, the Management Board and Supervisory Board are in ongoing discussions over the possibility of introducing share options or comparable arrangements. The principle talking points in this respect are the design and definition of performance targets and comparative parameters as well as the capping of benefits in the event of unforeseen circumstances.

In accordance with the Articles of Association, the Supervisory Board of Francotyp-Postalia Holding AG comprises three members elected by the Annual General Meeting. All three members have the knowledge and experience necessary to perform their mandate. As recommended in the Corporate Governance Code the Supervisory Board has drawn up its own Rules of Procedure.

Due to the corporate size of the company and the fact that the Articles of Association prescribe that the Supervisory Board must have three members and no more, as a rule no other committees are formed. For this reason the Supervisory Board as a whole decides on and monitors issues relating to the Management Board remuneration system, including the principal elements of contracts, without first submitting the matter to a committee. Likewise, the

Supervisory Board as a whole assumes the duties of an Audit Committee, with the Supervisory Board Chairman acting as Chairman of said committee.

As stipulated in the Articles of Association of Francotyp-Postalia Holding AG, the Chairman and Deputy Chairman of the Supervisory Board are elected from amidst its members. Accordingly the company is unable to apply the recommendation of subsection 5.4.3 of the Corporate Governance Code concerning the disclosure to shareholders of candidate nominations for election as Supervisory Board Chairman.

By resolution of the Annual General Meeting, the remuneration of Supervisory Board members is laid down in the Articles of Association. Supervisory Board remuneration takes into account the responsibilities and duties of Supervisory Board members, as well as the chairmanship and deputy chairmanship thereof and also membership of any Supervisory Board committees. There are no provisions for performance-related remuneration.

Due to the hitherto brief history of the Supervisory Board of Francotyp-Postalia Holding AG, no efficiency audit has yet been conducted. However, such an audit is scheduled for 2009.

Conflicts of interest

When taking decisions and performing their duties the Management Board and Supervisory Board may neither pursue personal interests nor confer advantages on other persons or make personal use of business opportunities which are the purview of the company itself. All members of the Management Board must disclose any conflicts of interest to both the Supervisory Board and other members of the Management Boards. Likewise, all members of the Supervisory Board must disclose any conflicts of interest to the Supervisory Board. Furthermore, in its report the Supervisory Board must notify the General Meeting of Shareholders of any conflicts of interest and how they were dealt with. During the year under review no conflicts of interest arose affecting members of either the Management Board or the Supervisory Board.

Transparency

For Francotyp-Postalia Holding AG, corporate governance means responsible and transparent leadership and control of the company. In particular, this entails treating shareholders equally when it comes to the provision and content of information. Accordingly we disclose new facts and circumstances to shareholders, financial analysts and the like without delay. This involves disseminating the information in German and English both on the Francotyp-Postalia Holding AG website and through the use of systems which ensure the simultaneous publication of information both in Germany and abroad. All important regular publications and dates are published well in advance on our financial calendar.

Individual shareholdings and directors' dealings

Pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), the Supervisory Board, Management Board and senior executives of Francotyp-Postalia Holding AG are obliged to report their dealings in company shares or related financial instruments once the total value of such transactions exceeds EUR 5,000 in any one calendar year. This duty of disclosure also extends to natural and juristic persons who have a close relationship with the above-mentioned persons. All reported transactions will be published via EquityStory as well as on our website.

Either directly or indirectly, Supervisory Board and Management Board members hold the company shares set out in the table below:

Shareholder

	Number of shares	%
FRW CoIn GBR[1]	51,506	0.35
Christoph Weise	85,000	0.58
Dr Heinz-Dieter Sluma[2]	8,000	0.05
Hans Szymanski	110,000	0.07
Andreas Drechsler[3]	6,000	0.04
Hans-Christian Hiemenz[4]	316,227	2.15
Manfred Schwarze[4]	316,227	2.15

[1] Supervisory Board member Christoph Weise is a partner in the shareholder FRW CoIn GbR and the economic owner of 17,907.51 shares held by FRW CoIn GbR. Former Supervisory Board member Dr Rolf Stomberg is the economic owner of 7,576.26 shares held by FRW CoIn GbR. All details are based on disclosures by the shareholders concerned which have not been verified by the company.

[2] The appointment of Dr Heinz-Dieter Sluma as a Management Board member was countermanded with immediate effect on 16 February 2009. Accordingly, Dr Sluma is no longer a member of the Management Board.

[3] Andreas Drechsler has been appointed as member of the Management Board with immediate effect as of 23 February 2009.

[4] Hans-Christian Hiemenz and Manfred Schwarze left the Management Board of Francotyp-Postalia Holding AG with effect from 30 June 2008.

Accounting practice

The principal sources of information for shareholders and third parties are in the company's consolidated financial statements as well as, during the financial year, the quarterly and half-yearly reports. Contrary to the recommendations of the Code, due to the extensive consolidation work involved, Francotyp-Postalia's consolidated financial statements are drawn up within four months of the end of the financial year. Likewise, and again due to the large amount of consolidation work involved, the quarterly and half-yearly reports are published at the latest within two months of the end of the reporting period, in compliance with the Stock Exchange Rules (Börsenordnung) and the Transparency Guidelines Implementation Act (Transparenzrichtlinien-Umsetzungsgesetz).

The consolidated financial statements and interim reports are drawn up in accordance with International Financial Reporting Standards (IFRS). The individual financial statements required by law for tax and dividend payment purposes are drawn up in compliance with the German Commercial Code (Handelsgesetzbuch, HGB).

A list of relationships with shareholders qualifying as Related Parties within the meaning of IAS 24 is published by the company in its consolidated financial statements.

Audit

In accordance with the 2008 Annual General Meeting resolution on the matter, the Supervisory Board has appointed the Berlin office of Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, branch office Berlin, to conduct the audit of the 2008 annual financial statements and consolidated financial statements. In compliance with the recommendations of the Corporate Governance Code it was agreed with the auditor that the Chairman of the Supervisory Board is to be informed immediately of any grounds for exclusion or bias which might arise during the audit, unless said grounds are eliminated without delay. The auditor is also required to report any material findings or occurrences arising during the execution of the audit which may be relevant to the Supervisory Board's performance of its duties. The auditor is further required either to notify the Supervisory Board or make a corresponding note in its audit report should it discover circumstances indicating inaccuracies in the Declaration of Compliance with the Corporate Governance Code given by the Management Board and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG).

Remuneration of the Management Board and Supervisory Board

Management Board remuneration is set at a reasonable level by the Supervisory Board on the basis of performance assessments of the persons concerned, while also taking into account any payments by Group companies. Criteria for determining the suitability of the remuneration include the duties of the Management Board member in question, his personal performance, the performance of the Management Board as a whole, as well as the macroeconomic situation and the company's performance and future prospects, giving due consideration to the company's peer group. The employment contracts concluded with Board members stipulate a fixed annual salary plus a performance-related bonus. No bonuses were paid to Board members for the 2008 financial year. The direct remuneration paid to Management Board members totalled EUR 620,000, of which EUR 586,000 comprised the fixed annual salaries and EUR 65,000 represented payment in kind. The payments in kind chiefly consist of the value of company car use as determined in compliance with the provisions of tax law, as well as individual insurance contributions.

Alongside the variable remuneration paid by the company, Dr Heinz-Dieter Sluma, who had been a Board member from 1 January 2008 to 16 February 2009, was, with the Supervisory board's consent, offered the prospect of additional variable remuneration by a third party.

The pension entitlements of the Board members employed until 30 June 2008 arise from a pension scheme operated by Gebr. Röchling of Mannheim. Subject to fulfilment of the entitlement requirements, these guarantee payment of an old-age pension, disability pension or surviving dependant's pension. The amount of the benefits is determined by the qualifying period of employment and the qualifying income.

During the year under review the company did not operate a share option scheme or similar securities-based incentive scheme.

The remuneration paid to the Management Board during the 2008 financial year was as follows:

Management Board remuneration

EUR thousand	Fixed	Bonus	Payment in kind	Total
Hans Christian Hiemenz (until 30 June 2008)	108	0	16	634
Manfred Schwarze (until 30 June 2008)	108	0	14	632
Dr Heinz-Dieter Sluma (until 6 February 2009)	348	0	32	380
Hans Szymanski (Management Board member since 1 December 2008)	22	0	3	25

As compensation for the premature termination of their contracts of employment, the two former Management Board members Hans Christian Hiemenz and Manfred Schwarze each received a payment of EUR 510,000.

Provisions of EUR 1,078 million have been made for pension obligations towards past and present Management Board members or Managing Directors and their surviving dependents. None of the Management Board members' immediate relatives have any business relationship with Francotyp-Postalia.

On 18 June 2008 the Annual General Meeting agreed to a change in the Articles of Association concerning Supervisory Board remuneration whereby, from the 2009 financial year onwards, each Supervisory Board member would receive, as well as cash expenses plus VAT for his/her Supervisory Board duties, lump sum remuneration of EUR 30,000, payable in the final month of the financial year. Under this arrangement the 2009 lump sum remuneration due to the Chairman will be 150% and to the Deputy Chairman 125% of the remuneration for ordinary Supervisory Board members.

For the 2008 financial year the lump sum remuneration remained at EUR 10,000, with the Supervisory Board Chairman receiving 2.5 times that amount and the Deputy Chairman double. An extra 10% is added to the annual remuneration for each Supervisory Board committee membership, provided the committee in question has met at least twice during the course of the year. In 2008 the Supervisory Board’s total remuneration was EUR 55,000, which broke down as follows:

Supervisory Board’s total remuneration

Dr Rolf Stomberg (Chairman until 18 June 2008)	EUR 11,666.67
Professor Michael Hoffmann (Chairman since 19 June 2008)	EUR 13,333.33
Christoph Weise (Deputy Chairman)	EUR 20,000.00
Georg Marton	EUR 10,000.00

2009 DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG), the Management Board and Supervisory Board of Francotyp-Postalia Holding AG hereby presents its 2009 Declaration of Compliance, setting out which recommendations of the German Corporate Governance Code, as published by the Federal Ministry of Justice in the official section of the electronic version of the Federal Gazette, it has been and is complying with or which recommendations have not been or are not being applied.

3.8 The company has taken out D&O insurance for the Management Board and Supervisory Board which does not include any excess.

4.2.1 During the first half of the year Francotyp-Postalia Holding AG was run by a three-man Management Board, from which one Board member was appointed Chairman. After the departure of two Board members, though, the company was temporarily run by just one Board member. On 16 February 2009 the appointment of the Chairman and Management Board member was countermanded with immediate effect by resolution of the Supervisory Board. With effect as of 1 December 2008 and with immediate effect as of 23 February 2009 new Management Board members were appointed so that the Management Board continued to exist with two members. A speaker for the Management Board has not been appointed.

4.2.2 Management Board employment contracts and the remuneration system were dealt with and agreed jointly by the whole Supervisory Board. Due to the size of the Supervisory Board a committee for the purpose of putting forward recommendations was not set up.

4.2.3 To date the company has not put in place any variable remuneration components designed to act as long-term incentives and entailing an element of risk, such as share options or comparable arrangements. However, the Management Board and Supervisory Board are in ongoing discussions over the possibility of introducing share options or comparable arrangements. The principle talking points in this respect are the design and definition of performance targets and comparative parameters as well as the capping of benefits in the event of unforeseen circumstances.

5.2 While the Supervisory Board continues to consist of three persons, no committees will be formed in which the Supervisory Board Chairman or any other Supervisory Board member could occupy an additional chairmanship role.

5.3.1 In view of the company's specific circumstances and the number of Supervisory Board members no specialist committees will be formed.

5.3.2 While the Supervisory Board continues to be limited to three persons, the Board as a whole will assume the duties of an Audit Committee.

5.3.3 With regard to the formation of a nomination committee the same circumstances apply as to the other committees.

5.4.2 Two Supervisory Board members are the economic owners of shares in the company. Nevertheless, in the view of the Supervisory Board this does not compromise the Supervisory Board's independence.

5.4.3 Pursuant to Section 10 paragraph 1 of the company's Articles of Association, the Chairman and Deputy Chairman of the Supervisory Board are elected from among the Supervisory Board's members at its constitutive meeting, which takes place after the Annual General Meeting of Francotyp-Postalia Holding AG at which the Supervisory Board members are chosen by said Annual General Meeting. Accordingly the company cannot follow the recommendation that the candidate nominations for the Supervisory Board chairmanship be disclosed to the shareholders.

5.4.6 Supervisory Board members do not receive any performance-related remuneration.

5.6 Due to the hitherto brief history of the Supervisory Board of Francotyp-Postalia Holding AG, no efficiency audit has yet been conducted. However, such an audit is scheduled for 2009.

7.1.2 As a consequence of the extensive consolidation work involved, the consolidated financial statements are drawn up within four months of the end of the financial year. Likewise, and again due to the large amount of consolidation work involved, the quarterly and half-yearly reports are published at the latest within two months of the end of the reporting period, in compliance with the Stock Exchange Rules (Börsenordnung) and the Transparency Guidelines Implementation Act (Transparenzricht-linien-Umsetzungsgesetz).

Birkenwerder, 30 March 2009

For the Supervisory Board

Professor Dr Michael J. A. Hoffmann
Chairman of the Supervisory Board

For the Management Board:

Hans Szymanski

Andreas Drechsler

GLOSSARY

A Segment

Describes franking machine segment for customers with low mail volume (up to 200 letters per day).

B Segment

Describes franking machine segment for customers with medium mail volume (from 200 to 2,000 letters per day).

C Segment

Describes franking machine segment for customers with high mail volume (over 2,000 letters per day).

Advertising Message

An individualised imprint next to the franking, such as the sender's logo.

After-Sales Business

Sale or rental of franking machines with follow-up business, e.g. service and technical support, sale of consumables.

Certification

Official operating authorisation for franking machines.

Collective Communication

Individual daily mail, collated centrally.

Consolidation

Refers to the sorting of letters by postcode, followed by bundling and passing on to a mail delivery centre in order to gain a rebate on the franking charge.

Digital Postage Mark

2D bar code franking.

Digitalisation

Using the services offered by FP iab GmbH mail processing can be digitalised at certain points, i.e., inbound mail can be scanned and archived electronically. Outbound mail is sent electronically by PC to the printing centre, where it is processed into a completed letter.

DPAG

Abbreviation for Deutsche Post AG.

Electronic Franking

Also known as electronic franking in window, especially as used by high volume senders. Franking is carried out using the local IT system, whereby all relevant parameters are determined and the letters printed out with the correct franking in one operation.

Frankit

A digital franking system introduced by Deutsche Post AG in Germany. As from April 1, 2006, the system covers the certification of new franking machines operating digital franking, resulting in greater security.

Hybrid Mail

Generic term for solutions in which letters are initially transported digitally, then printed out, inserted and franked. The finished letters are then passed on to a mail delivery centre.

Installed Base

Refers to the number of franking machines in the market as located at customers.

Mailroom

Office where mail is sorted and processed.

Mailstream

Refers to mail processing. Generally understood to include all mail services apart from the franking and inserting business. In the case of the FP Group this covers consolidation, outsourcing and hybrid mail.

NetSet™

Innovation programme by the Dutch postal authority in connection with the introduction of security standards for franking machines.

OEM
Abbreviation for “original equipment manufacturer”.

Optimisation
This set of services from the FP Group enables customers to optimise their outbound mail processing chain.

Outsourcing
Refers to the delegation of production and tertiary services to third parties.

Regular Communication
Repeat standardised letters sent to customers and business associates, e.g. invoices.

SCO Project
Abbreviation for supply chain optimisation. This refers to the optimisation of the production and procurement chains.

STAMPIT
Internet franking provided by Deutsche Post AG, of particular interest to customers with low mail volumes.

Teleporto
A system of franking whereby the franking charge is downloaded by telephone or modem to the franking machines.

Track & Trace Function
Systematic approach to tracking and tracing mail.

USPS
US Postal Service

Financial calendar

FY 2008 Analysts' Conference	28. April 2009
FY 2008 Financial Press Conference	28. April 2009
Q1 Results 2009	28. May 2009
Annual General Meeting	23. June 2009
H1 Results 2009	27. August 2009
Q3 Results 2009	November 2009
FY 2009	April 2010

IMPRINT

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