Interim Report January 1 to March 31, 2005

Deutsche Post World Net
MAIL EXPRESS LOGISTICS FINANCE

The first three months of 2005

- Consolidated revenue on a par with Q1/2004 despite fewer working days
- Group now reports EBIT rather than EBITA following adoption of new IFRS
- Tax rate falls to around 20% year-on-year, remaining on a level with full-year 2004
- Consolidated net profit and earnings per share improve slightly despite one-time factors
- STAR contributes €101 million to earnings in Q1/2005 and cumulatively €963 million since the program launch in November 2002

Financial highlights		**Q1 2004**	**Q1 2005**	**Change in %**
Revenue	in €m	10,571	10,526	–0.4
thereof international revenue	in €m	4,850	5,048	4.1
Profit from operating activities (EBIT)[1]	in €m	847	871	2.8
Consolidated net profit	in €m	446	455	2.0
Operating cash flow (Postbank at equity)	in €m	285	281	–1.4
Earnings per share	in €	0.40	0.41	2.5

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €90 million in Q1/2004

Selected indicators for net assets (Postbank at equity)		**Dec. 31, 2004**	**March 31, 2005**	**Change in %**
Net debt	in €m	–32	259	n/a
Net gearing	in %	–0.45	3.21	n/a

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Report by the Board of Management

Economic environment

The **global economy** began 2005 by expanding, but at a somewhat slower pace than in the previous year. Sentiment was again dampened by crude oil prices: during March, Brent crude reached US$56 a barrel and closed almost every day at a new record high.

In the **USA**, the economy made a better start to the year than experts had forecast. In addition to robust private consumption, corporate investment increased sharply in particular.

The **Japanese economy** has also provided positive surprises to date, with private households driving a substantial upturn. Nor is there any evidence of growth slowing down in Asia's powerhouse, **China**.

After a weak period in the second half of 2004, the economy in the **euro zone** regained momentum at the beginning of the year. The volume of exports increased, while consumer and investment demand recovered. In the opening weeks of 2005, the euro further appreciated against the US dollar in particular.

In **Germany** alone, the Ifo business climate index fell for the second successive time in March to its lowest level since September 2003, although new orders and output in the manufacturing industry most recently showed clear upward trends and fresh impetus was provided by foreign trade.

Business developments

Since January 1, 2005, the company's financial reporting not only has to apply certain revised IFRS (IAS Improvements Project), but also to comply with new IFRS. We therefore restated our financial statements as of March 31, 2005 accordingly. Details on the adjustments can be found in the notes to the consolidated interim financial statements starting on page 23.

At €10,526 million, **consolidated revenue** in the first three months of 2005 was on a level with Q1/2004 (€10,571 million). The **share of consolidated revenue generated outside Germany** rose from 45.9% to 48.0%, mainly as a result of the initial consolidation of various Asian companies in 2004.

Various one-time tax effects are reflected in the following three income statement items: **other operating income** increased from €242 million to €678 million, primarily because a VAT provision amounting to €255 million was reversed. At the same time, we recorded a rise in **other operating expenses** from €923 million to €1,168 million, due in particular to the fact that the company must pay capital tax arrears of €44 million and trade capital tax arrears of €146 million. As interest of €77 million was also due on these tax arrears, **net other finance costs** changed from €193 million to €249 million.

The tax arrears are the result of a tax audit, which also led to the tax authorities recognizing goodwill for Deutsche Post AG from 1995, which in turn resulted in the retrospective recognition of tax-deductible goodwill amortization of €954 million per year.

The **materials expense** rose slightly by 2.9% to €5,300 million (previous year: €5,153 million), largely due to increased transportation costs. **Staff costs** also increased from €3,467 million to €3,557 million, reflecting the wage increases agreed in the previous year for Deutsche Post AG's employees, among other things.

Starting in fiscal year 2005, goodwill may no longer be amortized. As in the past, an impairment test is performed, which is required at least once a year. In the previous year, the depreciation and amortization item amounted to €423 million and included goodwill amortization of €90 million. Depreciation, amortization and impairment losses totaled €308 million for the first quarter of 2005. This figure no longer includes any goodwill amortization.

That is why, going forward, we will report **profit from operating activities (EBIT)** with no separate profit from operating activities before goodwill amortization (EBITA). This produces EBIT of €871 million (previous year: €847 million).

Excluding the above-mentioned interest payment on tax arrears of €77 million, **net finance costs** would have improved by the corresponding amount; including the payment, they deteriorated by 29.0% in the period under review to €249 million (previous year: €193 million).

As a result, **profit from ordinary activities** fell by 4.9% to €622 million (previous year: €654 million).

As expected, the tax rate decreased from 29.7% in the first quarter of the previous year to 19.3%. The income tax expense amounted to €120 million, compared with €194 million in the prior-year period.

Minority interest increased from €14 million to €47 million due to Postbank's IPO in June 2004. **Consolidated net profit for the period** improved slightly by 2.0% to €455 million (previous year: €446 million). **Earnings per share** increased accordingly from €0.40 to €0.41.

At €281 million, **operating cash flow** (Postbank at equity) remained on a level with the previous year (€285 million).

In contrast, the previous year's **net cash from investing activities** (Postbank at equity) of €486 million changed to **net cash used in investing activities** of €607 million. This reflects not only the dividend payment made by Postbank to Deutsche Post AG in Q1/2004, but also the acquisition of shares in companies such as Blue Dart in Q1/2005. We also acquired fixed-income securities in the first three months of the year.

At €103 million, **net cash used in financing activities** (Postbank at equity) in Q1/2005 was only slightly below the previous year (€121 million). In the same period of the previous year, we repaid a somewhat higher volume of amounts due to banks.

Overall, **cash and cash equivalents** (Postbank at equity) rose by 45.4% to €4,337 million (previous year: €2,982 million).

The Group's **net debt** (Postbank at equity) grew slightly from €–32 million to €259 million compared with December 31, 2004 as cash and cash equivalents decreased. As a result, **net gearing** (Postbank at equity) climbed from –0.45% at the end of 2004 to 3.21% at March 31, 2005.

The Group's **capital expenditure** (capex), i.e. investments in property, plant and equipment and intangible assets (excluding goodwill), amounted to €300 million in the first quarter of the fiscal year (previous year: €298 million). The bulk of this investment volume was accounted for by the expansion of our international network structures. In the first quarter of 2005, the MAIL Corporate Division invested mainly in technical equipment and the expansion of its information technology. The EXPRESS Corporate Division extended its European network infrastructure, renewed its European vehicle fleet, and invested in its central air hub in Wilmington, USA, as well as in its IT infrastructure. Our priority in the LOGISTICS Corporate Division was to construct multi-user warehouses, while in the FINANCIAL SERVICES Corporate Division, we not only expanded and modernized our information technology, we also recorded maintenance expenditures for our retail outlets.

Risk report

On February 11, 2005, the *Bundeskartellamt* (German Federal Antitrust Authority) banned Deutsche Post AG from denying downstream access for mail consolidators to its network within its exclusive license. On April 13, 2005, the Düsseldorf *Oberlandesgericht* (OLG – Higher Regional Court) rejected the application for injunctive relief against this and provisionally upheld the *Bundeskartellamt's* decision, therefore making it enforceable. A final decision has yet to be made. The current decision of the OLG under the summary proceedings does not result in any additional financial effects for our company.

A current request for information by the European Commission relates to transfer pricing between Deutsche Post AG and Deutsche Post Euro Express Deutschland GmbH & Co. OHG. We believe that it meets the standards laid down by European law. However, it cannot be ruled out that the European Commission will initiate formal state aid proceedings and find that the facts of the case constitute state aid.

Higher ongoing costs for operating flights and for fuel may have an adverse effect on the EXPRESS Corporate Division's results. The projects implemented as part of the integration of business activities involve risks as well as opportunities. However, we expect to achieve the forecast results due to the positive development of revenue and lower other expenses.

Compared to the opportunities and risks presented in detail in the 2004 Annual Report starting on page 67, no significant additional risks arose for the Group in the first three months of 2005.

Other information

As a service provider, Deutsche Post World Net does not undertake any **research and development** activities in the narrower sense, and thus does not report significant expenses in this area.

The **economic conditions** for the Group have not changed significantly since the end of the period under review.

Significant events

DHL takes over goods distribution for KarstadtQuelle

As of April 1, 2005, DHL Solutions took over a large part of the group logistics of KarstadtQuelle AG, including its entire department store logistics. Bulky goods and part-load operations for the Quelle and Neckermann mail order firms will be transferred to DHL Solutions as soon as the approval of the *Bundeskartellamt* has been granted. The cooperation is initially planned for ten years and, with annual revenue of around €500 million, represents a total volume of €5 billion. DHL will now not only supply the department stores and mail order customers smoothly, but also operate the related procurement and information technology.

Deutsche Post and ver.di sign training pact

In the next three years, Deutsche Post will offer 2,300 young people in Germany a traineeship each year. This was agreed in a training pact signed by the company and the ver.di trade union. Deutsche Post also guarantees that, in principle, it will take on 30% of the trainees from 2007 to 2009. In addition, it will launch a development program for top trainees, who will be guaranteed employment at Deutsche Post once they have passed their final examinations.

DHL and Lufthansa Cargo establish joint venture

DHL Danzas Air & Ocean and Lufthansa Cargo have established the LifeConEx joint venture, which is based in Florida, USA. Since April 1, 2005, it has offered temperature-controlled specialist transportation services in the areas of pharmaceuticals, biotechnology, healthcare and medical technology. LifeConEx is the first company to integrate the operating processes of air freight companies, ground handling and freight forwarding companies, thus adding substantial value for customers in the life science industry.

trans-o-flex sale completed

BayernFinanz and Deutsche Post World Net have sold their interests in trans-o-flex of 75.2% and 24.8% respectively to the financial investor Odewald & Compagnie, Berlin. Deutsche Post World Net originally planned to acquire a 100% interest in the company. However, this was prohibited by both the *Bundeskartellamt* and the appellate *Bundesgerichtshof* (German Federal Court of Justice), which ruled on the matter at the end of 2004. Even after the disposal, Deutsche Post World Net will continue its positive cooperation with trans-o-flex on a case-by-case basis.

Acquisition of majority interest in Blue Dart now legally valid

In November, DHL signed an agreement to initially acquire 68% of the shares of Indian express company Blue Dart, which is listed on the Bombay stock exchange. This interest increased to 81% as a result of a public takeover bid at the same price conditions. This transaction became legally valid on March 9, 2005, giving DHL access to the rapidly growing Indian domestic market for express services. Deutsche Post World Net is now the first international express and logistics business able to offer customers its own domestic and international express services in China and India.

(After March 31, 2005)

Development of own mail network underway in the UK

DHL Global Mail is expanding its activities in the national British mail market and is therefore strengthening Deutsche Post World Net's international mail network. To offer national and international mail services to its business customers in the country's economic centers, DHL Global Mail is expanding its British network to include additional regional distribution centers. The first new center in Manchester began operating in April and serves the northwest of England.

Overview of significant events

In Q1/2005	
January 20	Deutsche Post World Net named best German company in the Good Company Ranking
January 24	DHL takes over goods distribution for KarstadtQuelle
February 10	DHL gains PepsiCo Deutschland as a key account
February 22	Deutsche Post and ver.di sign training pact
March 9	Acquisition of majority interest in Blue Dart becomes legally valid
March 15	DHL and Lufthansa Cargo establish LifeConEx joint venture
March 17	Interest in trans-o-flex sold
March 21	Postbank buys stake in BHW
After March 31, 2005	
April 20	DHL expands mail activities in the UK

The STAR value creation and integration program

DHL supports own sales with bundled customer data

Under the name COMET, DHL has created an IT platform for its Group-wide sales. Over 5,800 employees in 32 countries can already access this system, in which millions of customer data records from the former Danzas, Deutsche Post Euro Express and DHL units are consolidated and constantly updated. This gives sales staff total transparency about all customer activities, and enables them to identify strategic points for further cross-selling. At the same time, customers profit from one-stop systematic support.

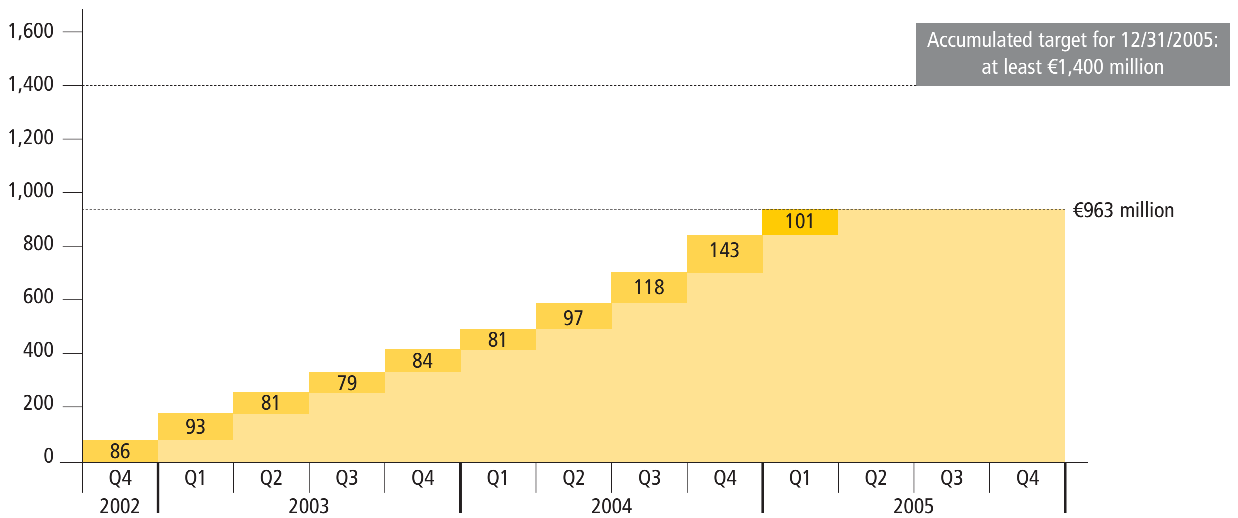
Efficient IT operations

Within Germany, we have improved the infrastructure of our information technology, which is used by our corporate functions as part of the cooperation with T-Systems International GmbH. Since mid-2003, we have been able to significantly increase the efficiency of our services in IT operations, including desktop, servers and networks, while at least maintaining our high quality level. The number of desktop installations was optimized and reduced by more than 25% compared with 2002. In server operations, we consolidated or replaced existing applications, thereby cutting costs by more than 40% by the end of 2004 as against 2002. At the same time, we established a new cost structure, and increased its transparency for employees.

Contribution to earnings from the STAR program

In the first three months of the current fiscal year, the measures implemented under our integration and value creation program generated an earnings contribution of €101 million. This means that the accumulated contribution to earnings from the STAR program since its launch in November 2002 is €963 million.

Accumulated earnings contribution from STAR since November 2002 (in €m)



Outlook

Global economic growth is likely to lose momentum in the course of this year. As production capacity is being significantly expanded at the same time, experts believe that this could contribute to a fall in oil prices.

An economic slowdown is expected for 2005, particularly for the **USA**, as private households may be less and less willing to take on more debt.

In **Japan**, the economy should strengthen over the rest of the year. Experts forecast that **China's** economic growth will be only slightly curbed by further, mainly administrative, restrictive measures; in this case, output growth in the rest of Asia should also lose little in the way of momentum.

The strength of the economic upturn in the **euro zone** depends on the continued performance of the euro, among other things. In general, export prospects and other fundamentals remain favorable.

In April, the six leading economic research institutes reduced their growth forecast for **Germany** for 2005 from 1.5% to 0.7%. Economic growth over the rest of the year is expected to be sluggish.

We expect our business to develop as follows:

In the **MAIL** Corporate Division, we expect profit from operating activities (EBIT) for 2005 to stabilize at €2 billion, close to last year's reported level (€2.085 billion). The previous year's figure is before goodwill amortization for 2004 for the corporate division amounting to €13 million.

In the current fiscal year, we intend to implement all measures resolved to ensure the continued positive development of DHL's express activities in the USA. This will give rise to expenses, as already announced, which we expect to result in a loss for the Americas region of up to €300 million for the whole year. In total, we expect EBIT for the **EXPRESS** Corporate Division to exceed last year's €367 million by 100%. The figure reported in the 2004 Annual Report is before goodwill amortization for 2004 for the corporate division amounting to €256 million.

We are confident that the **LOGISTICS** Corporate Division will maintain its positive trend, and expect EBIT in this segment for the whole year to exceed the previous year's level of €281 million by 5% to 10%. The figure reported in the 2004 Annual Report is before goodwill amortization for 2004 for the corporate division amounting to €99 million.

The profit for the **FINANCIAL SERVICES** Corporate Division is also expected to grow overall by 5% to 10% in the year under review; in 2004, it amounted to €692 million. The figure for last year reported in the 2004 Annual Report is before goodwill amortization for 2004 for the corporate division amounting to €2 million.

We will continue to systematically drive forward our STAR value creation program in its final year. We expect that it will have achieved an accumulated earnings contribution of at least €1.4 billion by December 31, 2005.

We are expecting the Group's **profit from operating activities (EBIT)** to total at least €3.6 billion in 2005.

The tax audit mentioned earlier resulted overall in a tax rate of only 20% for fiscal 2004. We also expect a Group tax rate at this level for the coming years in the financial statements in accordance with International Financial Reporting Standards (IFRS). This will have a clearly positive effect on the reported consolidated net profit.

In addition, goodwill amortization will be discontinued starting in the current fiscal year. All other things being equal, we expect this change in accounting policy to result in a correspondingly higher **consolidated net profit.**

To our Shareholders

Deutsche Post stock and bonds

Our stock data for Q1		Q1 2004	Q1 2005	Change in %
Closing price on March 31	in €	18.20	18.83	3.5
High	in €	19.72	18.98	–3.8
Low	in €	16.19	16.48	1.8
Market capitalization (closing price)	in €m	20,253	20,954	3.5
Earnings per share	in €	0.40	0.41	2.5
Cash flow per share (Postbank at equity)[1]	in €	0.26	0.25	–3.8
Average trading volume (daily)	shares	2,600,532	2,738,825	5.3
Number of shares	million shares	1,112.8	1,112.8	

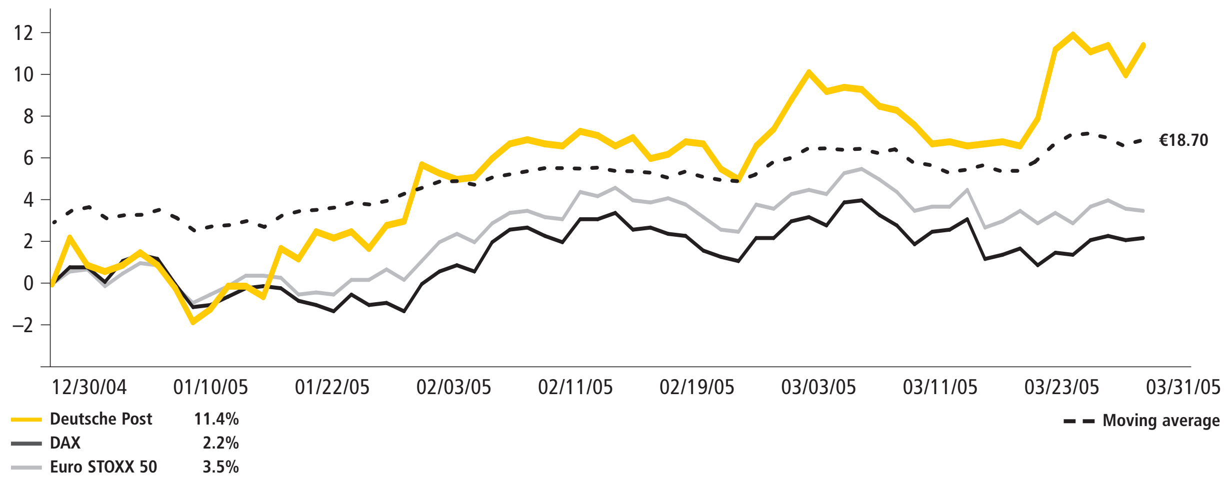
[1] Cash flow from operating activities

Deutsche Post stock outperforms market

There was no stock market slump in the first quarter of 2005. Individual sectors with a high dependency on raw materials recorded price drops. Our share price has developed very encouragingly since the beginning of the year, and clearly outperformed the market. Although the DAX and Euro STOXX 50 only increased slightly by 2.2% and 3.5% respectively during the first three months of the year, Deutsche Post stock achieved growth of a good 11.4%, closing at €18.83 on March 31, 2005.

The main drivers for this positive share price performance were the acquisition of KarstadtQuelle's group logistics and the positive consolidated earnings for fiscal 2004. In addition, we presented the measures we are currently taking to drive forward DHL's express business in the USA at the analyst conference on March 22, 2005. Our announcement that the Group tax rate, currently at 20%, will remain stable in the coming years also contributed to the positive sentiment.

Deutsche Post share price development
in %



Source: Bloomberg

Closing prices on last trading day	December 2004	March 2005	Change in %
Deutsche Post	€16.90	€18.83	11.4
TPG	€19.98	€21.95	9.9
FedEx	US$98.49	US$93.95	–4.6
UPS	US$85.46	US$72.74	–14.9

Positive analyst recommendations predominate

Analysts from 35 banks are currently covering and analyzing our stock. At the end of the quarter, 28 positive and 7 neutral assessments were presented; nobody made a negative recommendation. The overview of the analyst recommendations is updated monthly on our website. In addition, we provide you with the median of the analyst estimates, which we calculate on the basis of the published estimates and update at regular intervals.

Shareholder structure unchanged

Our shareholder structure has not changed from the structure presented in the 2004 Annual Report. Since January 10, 2005, this has the following share distribution: 49% of shares are held by the KfW Bankengruppe, 7% by the Federal Republic of Germany, and 44% of our shares are in free float.

Creditworthiness remains above average

Deutsche Post's credit rating remained unchanged in the first quarter (see table), thus confirming our continued above-average credit rating and financial strength. You can access information about our corporate bonds and the development of the spreads on our website.

Deutsche Post World Net ratings

Rating	Moody's Investors Service	Standard & Poor's	Fitch Ratings
Long-term	A1	A	A+
Outlook	Stable	Stable	Stable
Short-term	P-1	A-1	F1
Last change	October 7, 2004	September 14, 2004	August 1, 2003

Investor relations

Focusing on "Integration Europe", we welcomed analysts and shareholders to another Capital Markets Day at our Group headquarters in Bonn on February 11, 2005. Members of the Board of Management and division heads presented the level of integration DHL has achieved in the individual units, including IT, STAR and Corporate Procurement. They subsequently answered questions from those present, as well as from viewers on the Internet.

In the period under review, the members of the Board of Management and our investor relations team held around 100 one-on-one meetings with investors and analysts, organized two roadshows in Europe and North America, and attended five conferences in Asia, Europe and North America.

In February, our website received another positive assessment. On behalf of *Handelsblatt*, Netfederation studied a total of 110 investor relations websites. This benchmark study focused on the criteria of user-friendliness, information density and depth, accessibility and service. The Deutsche Post website achieved 2nd place, a further improvement on last year.

Corporate governance

In accordance with recommendation 5.6 of the German Corporate Governance Code, the Supervisory Board again examined the efficiency of its activities at its meeting on March 17, 2005. All members of the Supervisory Board were surveyed in a written questionnaire on issues such as the number, preparation of and procedure for the meetings, the quality of the information and documents as well as the cooperation with the Board of Management. The results were discussed in detail by the Executive Committee, and also presented to and discussed by the Supervisory Board. The review for fiscal year 2004 again showed that the Supervisory Board worked efficiently and – more importantly – effectively. The average assessment of the work of the Supervisory Board was further improved. The composition of the Supervisory Board remained unchanged from the presentation in the 2004 Annual Report. In the period under review, there was one change in the composition of the Group's Board of Management: effective January 1, 2005, John Mullen took over responsibility for the EXPRESS Americas, Asia and Emerging Markets operations.

Corporate Divisions

The segments at a glance

- MAIL generates revenue on a par with the previous year, despite two fewer working days
- EXPRESS continues to focus on improving service quality and pushing forward infrastructure expansion in the Americas region
- LOGISTICS growth is almost exclusively organic
- Postbank's healthy operating business lifts earnings for FINANCIAL SERVICES

Segments by corporate division – January 1 to March 31

in €m	MAIL		EXPRESS		LOGISTICS		FINANCIAL SERVICES		Other/ Consolidation		Group	
	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005
External revenue	3,113	3,097	4,256 [1]	4,187	1,524	1,648	1,656	1,578	22	16	10,571	10,526
Internal revenue	161	162	43	71	21	26	168	154	–393	–413	0	0
Total revenue	3,274	3,259	4,299 [1]	4,258	1,545	1,674	1,824	1,732	–371	–397	10,571	10,526
Profit or loss from operating activities (EBIT)	746	643	–14 [1]	37	34	60	160	185	–79	–54	847	871
Net income from associates	0	0	0	0	0	0	0	0	0	0	0	0
Segment assets[3]	4,198	4,234	12,597	12,270	3,156	3,189	126,804	134,743	–687	514	146,068	154,950
Investments in associates[3]	21	21	53	36	11	7	0	0	–3	–3	82	61
Segment liabilities including non-interest-bearing provisions[3]	2,076	1,832	3,768	3,465	1,132	1,162	117,959	125,191	871	866	125,806	132,516
Segment investments	60	53	260 [1]	259	48	14	24	30	16	9	408	365
Depreciation, amortization and write-downs	110	77	203 [1]	112	42	37	63	51	5	31	423	308
Other non-cash expenses	34	29	19 [1]	79	1	9	55	73	30	23	139	213
Employees[2]	134,004	130,010	140,284	140,193	31,696	32,218	32,293	31,936	10,394	9,893	348,671	344,250

[1] Prior-period amounts restated due to the retrospective full consolidation of DHL Sinotrans International Air Courier Ltd., China, and DHL Korea Limited, Korea, in the EXPRESS Corporate Division as of January 1, 2004

[2] Number of employees calculated as averages for fiscal years 2004 and 2005 (FTEs)

[3] Segment assets, investments in associates and segment liabilities including non-interest-bearing provisions are reported as of the balance sheet dates December 31, 2004 and March 31, 2005; the remaining items are reported for the periods ended March 31, 2004 and March 31, 2005

Segments by region – January 1 to March 31

in €m	Germany		Europe excluding Germany		Americas		Asia/Pacific		Other regions		Group	
	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005	Jan. 1 – March 31, 2004	2005
External revenue	5,721	5,478	2,652	2,657	1,485	1,527	557	676	156	188	10,571	10,526
Segment assets[1]	122,868	131,355	15,264	15,134	6,657	7,001	998	1,192	281	268	146,068	154,950
Segment investments	92	88	113	123	171	87	28	59	4	8	408	365

[1] Segment assets are reported as of the balance sheet dates December 31, 2004 and March 31, 2005; the remaining items are reported for the periods ended March 31, 2004 and March 31, 2005

MAIL Corporate Division

MAIL		Q1 2004	Q1 2005	Change in %
Total revenue	in €m	3,274	3,259	–0.5
Profit from operating activities (EBIT)[1]	in €m	746	643	–13.8
Return on sales[2]	in %	22.8	19.7	

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €3 million in Q1/2004
[2] EBIT/revenue

At €3,259 million, **revenue** in the MAIL Corporate Division remained at the prior-year level (€3,274 million) in Q1/2005. In Germany, we recorded slight revenue declines mainly because the Easter holidays fell in the first quarter, unlike in the previous year, which reduced the number of working days by two. This effect alone was estimated at around €100 million. This was offset by growth in international business, which compensated for revenue declines in the core business – the first success for our internationalization strategy, which began last year.

In the **Mail Communication** Business Division, revenue in the period under review fell by 8.1% to €1,650 million (previous year: €1,796 million). In addition to the lower number of working days, this was affected by the continuing weak economic environment and the increasing competition.

Revenue by business division in €m	Q1 2004	Q1 2005	Change in %
Mail Communication	1,796	1,650	–8.1
Direct Marketing	729 [1]	734	0.7
Press Distribution	199	199	0.0
Mail International/Value-added Services	389 [1]	514	32.1
Internal revenue	161	162	0.6
Total	**3,274**	**3,259**	**–0.5**

[1] Prior-period amounts restated due to product portfolio optimization measures

Mail Communication (Deutsche Post AG share) mail items (millions)	Q1 2004	Q1 2005	Change in %
Business customer letters	2,011	1,892	–5.9
Private customer letters	368	340	–7.6
Total	**2,379**	**2,232**	**–6.2**

Direct Marketing (Deutsche Post AG share) mail items (millions)	Q1 2004	Q1 2005	Change in %
Infopost/Infobrief (addressed advertising mail)	1,719	1,707	–0.7
Postwurfsendung/Postwurf Spezial (unaddressed/partly addressed advertising mail)	1,006	1,023	1.7
Total	**2,725**	**2,730**	**0.2**

Although there were two fewer working days compared with last year, revenue increased slightly by 0.7% year-on-year to €734 million in the **Direct Marketing** Business Division (previous year: €729 million). Revenue per working day clearly exceeded the previous year's figure, and confirmed the positive development that our sales strategy has achieved in this business division.

In the **Press Distribution** Business Division, we were able to further stabilize our revenue. This remained on a level with the previous year at €199 million.

We recorded substantial growth in the **Mail International** and **Value-added Services** Business Divisions: in the first three months of 2005, revenue increased by 32.1% to €514 million (previous year: €389 million). The main reason for this growth was the first-time inclusion, compared with last year, of revenues from two acquisitions: we have consolidated revenues from SmartMail Holdings LLC (SmartMail) in the USA since May 28, 2004, and revenues from KOBA in France since January 1, 2005. The two newest business divisions therefore already account for 16% of the revenue of the corporate division, as compared to 12% in the previous year.

The decline in revenue due to the number of working days could be only partly offset by international business, as this has not yet achieved the margins recorded by the German mail business. The necessary price reductions at the beginning of the year in accordance with the price-cap procedure also led to revenue reductions, as expected. As a result, **profit from operating activities (EBIT)** decreased by €103 million to €643 million in the period under review. The previous year's figure included goodwill amortization amounting to €3 million. The **return on sales** fell from 22.8% to 19.7%.

EXPRESS Corporate Division

EXPRESS		Q1 2004	Q1 2005	Change in %
Total revenue	in €m	4,299	4,258	–1.0
Profit from operating activities (EBIT)[1]	in €m	–14	37	
Return on sales[2]	in %	–0.3	0.9	

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €62 million in Q1/2004

[2] EBIT/revenue

Anticipating the expansion of the European Union in May of last year, we had restructured our country organization in the EXPRESS Corporate Division as of April 1, 2004: we now present the majority of the accession countries in the Europe region, and not the Emerging Markets (EMA). We have adjusted the previous year's figures accordingly. We also report adjusted figures for the previous year for the Asia/Pacific region, as we fully included DHL Sinotrans International Air Courier Ltd., China, and DHL Korea Limited, Korea, for the first time in 2004.

In the first three months of 2005, the corporate division's **revenue** declined slightly by 1% to €4,258 million (previous year: €4,299 million). This is due to negative currency effects, which amounted to €64 million and originated in particular from the Americas region.

The **Europe** region recorded a 3.1% decrease in revenue in the period under review to €2,824 million (previous year: €2,915 million). The sale of Danzas Chemicals in April 2004 was noticeable here. In Germany, the ongoing weakness in the mail order business and declining volumes in retail outlet customer products had a negative impact on our revenue development. In other countries revenue development varied, depending on the progress made in integration.

Revenue in the **Americas** region increased slightly by 0.6% to €1,061 million (previous year: €1,055 million).

In the period under review, integration costs amounting to €10 million were incurred in the USA. This had a negative impact on profit from operating activities (EBIT) for the Americas region, which amounted to €–133 million (previous year: €–163 million). The previous year's figure included goodwill amortization of €16 million.

Business in Southeast Asia continued to grow strongly, particularly in China and Japan. The **Asia/Pacific** region closed the first quarter of 2005 with revenue growth of 12.5% to €494 million (previous year: €439 million).

We recorded the biggest percentage jump in the **Emerging Markets (EMA)**: high transport volumes in the Gulf region and in Russia increased revenue by 16.6% to €197 million (previous year: €169 million).

Revenue by region in €m	Q1 2004	Q1 2005	Change in %
Europe	2,915	2,824	–3.1
Americas	1,055	1,061	0.6
Asia/Pacific	439	494	12.5
Emerging Markets (EMA)	169	197	16.6
Reconciliation	–279	–318	–14.0
Total	**4,299**	**4,258**	**–1.0**

Overall, the corporate division generated a **profit from operating activities (EBIT)** of €37 million in the first three months of 2005 (previous year: €–14 million). The previous year's figure included goodwill amortization of €62 million. The **return on sales** for the express business outside the Americas region was 5.3%, and for the corporate division as a whole, 0.9%.

LOGISTICS Corporate Division

LOGISTICS		Q1 2004	Q1 2005	Change in %
Total revenue	in €m	1,545	1,674	8.3
Profit from operating activities (EBIT)[1]	in €m	34	60	76.5
Return on sales[2]	in %	2.2	3.6	

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €25 million in Q1/2004
[2] EBIT/revenue

The LOGISTICS Corporate Division continued its positive trend at the beginning of the year: **revenue** increased by 8.3% to €1,674 million compared with Q1/2004 (previous year: €1,545 million). Both business divisions contributed to revenue growth that was almost exclusively organic. In addition, positive effects resulted from acquisitions; however, they were eroded by the ongoing weakness of the US dollar against the euro, which reduced earnings by €23 million.

Revenue by business division in €m	Q1 2004	Q1 2005	Change in %
DHL Danzas Air & Ocean	1,120	1,224	9.3
DHL Solutions	427	453	6.1
Reconciliation	–2	–3	–50.0
Total	**1,545**	**1,674**	**8.3**

In the **DHL Danzas Air & Ocean** Business Division, we recorded revenue growth of 9.3% to €1,224 million (previous year: €1,120 million). For the first time, we are reporting revenue in this business division by air freight, ocean freight and projects/other. We succeeded in increasing revenue in both air and ocean freight. The clear increase in revenue by 13.9% to €417 million in ocean freight is due primarily to higher volumes from existing customer relations.

We were also able to grow our logistics value-added services, which we report under projects/other, as the table on the following page shows.

DHL Danzas Air & Ocean: revenue by area in €m	Q1 2004	Q1 2005	Change in %
Air freight	593	608	2.5
Ocean freight	366	417	13.9
Projects/other	161	199	23.6
Total	**1,120**	**1,224**	**9.3**

The **DHL Solutions** Business Division also grew its operations in almost all industry sectors and regions: we were able to increase revenue overall in the first quarter by 6.1% to €453 million (previous year: €427 million).

DHL Solutions: revenue by sector in €m	Q1 2004	Q1 2005	Change in %
Automotive	21	18	–14.3
Pharma/healthcare	13	15	15.4
Electronics/telecommunications	166	174	4.8
Fast moving consumer goods	139	155	11.5
Textiles/fashion	71	74	4.2
Other	17	17	0.0
Total	**427**	**453**	**6.1**

This encouraging business development was offset by increased transport costs, especially in air freight. This mainly affects routes out of Asia, as there is now no longer any overcapacity there.

Profit from operating activities (EBIT) amounted to €60 million in the first quarter, after €34 million in Q1/2004. The previous year's figure included goodwill amortization amounting to €25 million. The **return on sales** rose from 2.2% to 3.6%.

FINANCIAL SERVICES Corporate Division

FINANCIAL SERVICES in €m	Q1 2004	Q1 2005	Change in %
Total revenue	1,824	1,732	–5.0
Profit from operating activities (EBIT)[1]	160	185	15.6

[1] Starting in 2005, goodwill amortization is no longer recognized

The FINANCIAL SERVICES Corporate Division consists primarily of Postbank. We also report our retail outlet network and the Pension Service here.

This corporate division generated **income** of €1,732 million in Q1/2005 (previous year: €1,824 million). Income from banking transactions comprises income from interest, fees and commissions, and trading transactions; it is equivalent to an industrial company's revenue. The main reason for the 5.0% decline was Postbank's interest income, which again fell as a result of the continued low level of interest rates. However, this market development also resulted in a clear drop in interest expenses, which meant that net interest income increased year-on-year. Postbank gives a detailed account of its business development in Q1/2005 in its interim report as of March 31, 2005, published on May 4, 2005.

Profit from operating activities (EBIT) in this corporate division increased by 15.6% to €185 million in the period under review (previous year: €160 million). This encouraging development was due primarily to Postbank's positive operational business.

Income Statement

For the period January 1 to March 31 in €m	Deutsche Post World Net restated Jan. 1 – March 31, 2004	Deutsche Post World Net Jan. 1 – March 31, 2005
Revenue and income from banking transactions	10,571	10,526
Other operating income	242	678
Total operating income	**10,813**	**11,204**
Materials expense and expenses from banking transactions	–5,153	–5,300
Staff costs	–3,467	–3,557
Depreciation, amortization and impairment losses[1]	–423	–308
Other operating expenses	–923	–1,168
Total operating expenses	**–9,966**	**–10,333**
Profit from operating activities (EBIT)	**847**	**871**
Net income from associates	0	0
Net other finance costs	–193	–249
Net finance costs	**–193**	**–249**
Profit from ordinary activities	**654**	**622**
Income tax expense	–194	–120
Net profit for the period before minority interest	**460**	**502**
Minority interest	–14	–47
Consolidated net profit for the period	**446**	**455**
	€	**€**
Basic earnings per share	**0.40**	**0.41**
Diluted earnings per share	**0.40**	**0.41**

[1] The goodwill amortization item and the profit or loss from operating activities before goodwill amortization (EBITA) total are no longer presented due to the adoption of IFRS 3. Goodwill amortization was added to depreciation, amortization and impairment losses. Further details on the restated prior-period amounts can be found under number 3 in the notes starting on page 23

Balance Sheet

As of March 31, 2005 in €m	Deutsche Post World Net restated Dec. 31, 2004	Deutsche Post World Net March 31, 2005
ASSETS		
Noncurrent assets		
Intangible assets	6,846	7,003
Property, plant and equipment[1]	8,169	8,143
Noncurrent financial assets		
Investments in associates	82	61
Other noncurrent financial assets	661	883
Investment property[1]	270	217
	1,013	**1,161**
Other noncurrent assets	235	258
Deferred tax assets	764	696
	17,027	**17,261**
Current assets		
Inventories	227	249
Noncurrent assets held for sale and discontinued operations	0	18
Current tax receivables	630	680
Receivables and other assets	5,431	5,904
Receivables and other securities from financial services[1]	124,914	132,897
Financial instruments	187	405
Cash and cash equivalents	4,845	3,874
	136,234	**144,027**
Total assets	**153,261**	**161,288**

[1] Prior-period amounts restated, further details can be found under number 3 in the notes starting on page 23

Balance Sheet

As of March 31, 2005 in €m	Deutsche Post World Net restated Dec. 31, 2004	Deutsche Post World Net March 31, 2005
EQUITY AND LIABILITIES		
Equity		
Issued capital	1,113	1,113
Reserves[1]	4,487	6,206
Consolidated net profit	1,588	455
Equity attributable to Deutsche Post AG shareholders	**7,188**	**7,774**
Minority interest	1,596	1,671
	8,784	**9,445**
Noncurrent provisions and liabilities		
Noncurrent provisions		
Provisions for pensions and other employee benefits	5,882	5,909
Deferred tax liabilities[1]	875	780
Other noncurrent provisions	3,246	3,461
	10,003	**10,150**
Noncurrent liabilities		
Noncurrent financial liabilities	4,503	4,992
Other noncurrent liabilities	2,989	3,002
	7,492	**7,994**
	17,495	**18,144**
Current provisions and liabilities		
Current provisions		
Current tax provisions	665	751
Other current provisions	1,719	1,598
	2,384	**2,349**
Current liabilities		
Current financial liabilities	737	302
Trade payables	3,285	2,452
Liabilities from financial services	117,026	124,485
Current tax liabilities	585	519
Other current liabilities	2,965	3,592
	124,598	**131,350**
	126,982	**133,699**
Total equity and liabilities	**153,261**	**161,288**

[1] Prior-period amounts restated, further details can be found under number 3 in the notes starting on page 23

Cash Flow Statement

For the period January 1 to March 31 in €m	Deutsche Post World Net restated Jan. 1 – March 31, 2004	Deutsche Post World Net Jan. 1 – March 31, 2005
Net profit before taxes	**654** [1]	**622**
Net financial income	193 [1]	249
Depreciation/amortization of noncurrent assets	430	308
Gains on disposal of noncurrent assets	–9	–17
Non-cash income and expense	76 [1]	107
Change in provisions	–104	–259
Taxes paid	–8	–41
	1,232	**969**
Changes in working capital		
Inventories	–9	–19
Receivables and other assets	–810	–489
Receivables/liabilities from financial services	146	–427
Liabilities and other items	91	–314
Net cash used in (previous year: net cash from) operating activities	**650**	**–280**
Proceeds from disposal of noncurrent assets		
Divestitures	0	6
Other noncurrent assets	60	65
	60	**71**
Cash paid to acquire noncurrent assets		
Investments in companies	–14	–144
Other noncurrent assets	–265	–403
	–279	**–547**
Interest received	35	75
Current financial instruments	65	–173
Net cash used in investing activities	**–119**	**–574**
Change in financial liabilities	–13	–13
Dividends and other payments to owners	0	0
Interest paid	–130	–89
Net cash used in financing activities	**–143**	**–102**
Net change in cash and cash equivalents	388	–956
Effect of changes in exchange rates on cash and cash equivalents	–1	–15
Change in cash and cash equivalents due to changes in consolidated group	0	0
Cash and cash equivalents at January 1	3,355	4,845
Cash and cash equivalents at March 31	**3,742**	**3,874**

[1] Prior-period amounts restated, further details can be found under number 3 in the notes starting on page 23

Statement of Changes in Equity

For the period January 1 to March 31 in €m	Issued capital	Reserves Capital reserves	 Retained earnings	 IAS 39 reserves	Consolidated net profit	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
Balance at January 1, 2004 before restatement	1,113	377	3,615	–308	1,309	6,106	59	6,165
Balance at January 1, 2004 after restatement	**1,113**	**377**	**3,172**	**–7**	**1,309**	**5,964**	**59**	**6,023**
Capital transactions with owner								
Capital contribution from retained earnings								
Dividend								
Other changes in equity not recognized in income								
Currency translation differences			25			25		25
Other changes			35	133		168	–9	159
Changes in equity recognized in income								
Appropriation to retained earnings			1,309		–1,309	0		0
Consolidated net profit					446	446	14	460
Balance at March 31, 2004 after restatement	**1,113**	**377**	**4,541**	**126**	**446**	**6,603**	**64**	**6,667**
Balance at January 1, 2005 before restatement	1,113	408	4,451	–343	1,588	7,217	1,611	8,828
Balance at January 1, 2005 after restatement[1]	**1,113**	**408**	**4,163**	**–84**	**1,588**	**7,188**	**1,596**	**8,784**
Capital transactions with owner								
Capital contribution from retained earnings								
Dividend								
Other changes in equity not recognized in income								
Currency translation differences			36			36		36
Other changes		12	26	57		95	28	123
Changes in equity recognized in income								
Appropriation to retained earnings			1,588		–1,588	0		0
Consolidated net profit					455	455	47	502
Balance at March 31, 2005	**1,113**	**420**	**5,813**	**–27**	**455**	**7,774**	**1,671**	**9,445**

[1] The retrospective restatement to reflect the revised IAS 39 leads to cumulative impairment losses on equities totaling €430 million (of which minority interest: €142 million), which results in a reduction in retained earnings and an increase in the IAS 39 reserves (revaluation reserve). The reclassification of financial assets reduces the revaluation reserve by €44 million (of which minority interest: €15 million). After deduction of the minority interest, the revaluation reserve increases by €259 million, retained earnings fall by €288 million and the minority interest changes by a total of €15 million

Notes to the Deutsche Post AG Consolidated Interim Report as of March 31, 2005

1. Basis of accounting

The consolidated interim financial report of Deutsche Post AG as of March 31, 2005 was prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), required to be applied as of the reporting date.

The accounting policies, as well as the explanations and disclosures, are generally based on the same accounting policies used in the 2004 consolidated financial statements. Exceptions to this are the revised standards (IAS Improvements Project) that have been required to be applied since January 1, 2005, as well as the following new standards: IFRS 1, IFRS 2, IFRS 3, IFRS 4 and IFRS 5. In cases where these amendments were relevant for the Group or led to changes in prior-period amounts, further details can be found under note 3 "Restatement of prior-period amounts" below.

For further information on the accounting policies applied, please refer to the consolidated financial statements for the period ended December 31, 2004 on which this interim report is based.

2. Consolidated group

The companies listed in the table below are consolidated in addition to the parent company Deutsche Post AG.

Consolidated group	Dec. 31, 2004	March 31, 2005
Number of fully consolidated companies (subsidiaries)		
German	120	127
Foreign	536	529
Number of proportionately consolidated joint ventures		
German	2	2
Foreign	6	8
Number of companies accounted for at equity (associates)		
German	5	5
Foreign	35	33

In the first quarter of 2005, Deutsche Post Beteiligungen Holding GmbH, Germany, acquired approximately 94% of the shares of the French mail services provider KOBA, Paris. Additionally, in the same period G. Scharrer GmbH, Duisburg, was deconsolidated by way of disposal. The gain on deconsolidation amounted to €3 million.

3. Restatement of prior-period amounts

The following paragraphs outline the material changes in and effects on the net assets, financial position, results of operations, and reporting structure that have arisen due to the adoption of the revised and new IFRS from January 1, 2005 onwards.

IAS 1 (Revised 2004): Presentation of Financial Statements

Under the revised IAS 1, the balance sheet structure was changed to show items classified by maturity. Both assets and liabilities were classified as current or noncurrent.

The interests of non-Group shareholders (minority interest) are no longer reported as a balance sheet item between equity and liabilities, but as a separate item within equity. The change in the minority interest is shown in the statement of changes in equity. The equity ratio has changed as a result.

Following the application of IAS 1, investment property, which was previously carried as land and buildings under property, plant and equipment, is now reported as a separate balance sheet item. The following table shows the restatement of the corresponding balance sheet items for fiscal year 2004:

Noncurrent assets **in €m**	**Dec. 31, 2004**	**Dec. 31, 2004 restated**	**Change**
Property, plant and equipment	8,439	8,169	–270
Investment property	0	270	+270

IAS 32 (Revised 2004): Financial Instruments: Disclosure and Presentation and IAS 39 (Revised 2004): Financial Instruments: Recognition and Measurement

The retrospective application of the more detailed accounting treatment for impairment losses on equities set out by IAS 39.61 entailed the recognition of cumulative impairment losses by the Deutsche Postbank group. The following table shows the changes in the amounts of the balance sheet items recognized in the fiscal year ended December 31, 2004 following the application of the revised IAS 39.

in €m	**Dec. 31, 2004**	**Dec. 31, 2004 restated**	**Change**
ASSETS			
Current assets – Receivables and other securities from financial services	125,009	124,914	–95
EQUITY AND LIABILITIES			
Equity – Reserves			
IAS 39 reserves			
of which revaluation reserve in accordance with IAS 39	–210	49	+259
Retained earnings	4,451	4,163	–288
Minority interest	1,611	1,596	–15
Tax provisions			
Deferred tax liabilities	927	875	–52

Further details are contained in the statement of changes in equity on page 21.

IFRS 3: Business Combinations and other adjustments to the income statement

Following the application of IFRS 3: Business Combinations, goodwill has not been amortized since April 1, 2004. This means that the income statement no longer contains the goodwill amortization and profit or loss from operating activities before goodwill amortization (EBITA) items. The amount of €90 million reported under goodwill amortization in the previous year was reclassified to depreciation, amortization and impairment losses.

In addition, income statement items were restated due to reclassifications (not affecting EBIT, e.g. reclassification of rental and lease expenses from other operating expenses to materials expense), and due to the full consolidation of a number of Asian express companies with retrospective effect from January 1, 2004 (affecting EBIT; see also the disclosures on segment reporting).

The following table gives an overview of the items affected:

in €m	Dec. 31, 2004	Dec. 31, 2004 restated	Change
Revenue and income from banking transactions	10,532	10,571 [3]	+39
Materials expense	–4,842	–5,153 [2, 3]	–311
Staff costs	–3,460	–3,467 [3]	–7
Depreciation, amortization and impairment losses	–331	–423 [1, 3]	–92
Other operating expenses	–1,211	–923 [2, 3]	+288
Profit from operating activities (EBIT)	840	847 [3]	+7
Profit from ordinary activities	647	654 [3]	+7
Net profit for the period before minority interest	454	460 [3]	+6
Consolidated net profit for the period	441	446 [3]	+5

[1] Prior-period amounts restated due to reclassification of €90 million from goodwill amortization to depreciation, amortization and impairment losses
[2] Prior-period amounts restated due to reclassification of rental and lease expenses from other operating expenses to materials expense
[3] Prior-period amounts restated due to full consolidation of a number of Asian express companies with retrospective effect from January 1, 2004

4. Shares and stock options

On January 10, 2005, KfW Bankengruppe (formerly Kreditanstalt für Wiederaufbau) acquired 141.7 million shares of Deutsche Post AG from the Federal Republic of Germany. KfW Bankengruppe now holds 49% of the shares of Deutsche Post AG.

The number of stock options on shares of Deutsche Post AG granted to executives in Group management levels 1 to 3 changed as follows as against December 31, 2004:

Stock options

Number	SOP 2000 Tranche 2001	SOP 2000 Tranche 2002	SOP 2003 Tranche 2003	SOP 2003 Tranche 2004
Outstanding stock options at January 1, 2005	695,182	7,797,066	12,282,948	9,078,846
Outstanding SARs at January 1, 2005	37,843	310,176	677,748	1,088,606
Options lapsed	2,740	94,266	200,958	93,264
SARs lapsed	3,086	0	18,996	72,774
Outstanding stock options at March 31, 2005	692,442 [1]	7,702,800	12,081,990	8,985,582
Outstanding SARs at March 31, 2005	34,757 [1]	310,176	658,752	1,015,832

[1] Number at the end of the lock-up period at March 14, 2004: 4,346,593 stock options; 231,523 SARs

Deutsche Post AG did not hold any own shares as of March 31, 2005.

5. Contingent liabilities

The Group's contingent liabilities have not changed significantly compared with December 31, 2004. In addition to these contingent liabilities, the Deutsche Postbank group has irrevocable loan commitments amounting to €13,965 million.

6. Other operating income and expenses

Other operating income is composed of the following items:

Other operating income in €m	March 31, 2004	March 31, 2005
Income from the reversal of provisions	14	299
Income from currency translation differences	13	90
Income from investment securities and insurance business (financial services)	72	61
Income from work performed and capitalized	4	36
Insurance income	24	25
Gains on disposal of noncurrent assets	14	23
Income from the derecognition of liabilities	5	23
Rental and lease income	22	22
Income from prior-period billings	22	10
Income from fees and reimbursements	10	9
Income from loss compensation	5	3
Reversals of impairment losses on receivables and other assets	1	4
Miscellaneous	36	73
Total	**242**	**678**

The change in income from the reversal of provisions relates mainly to Deutsche Post AG and €255 million of this is accounted for by the reversal of a VAT reserve.

Other operating expenses are composed of the following items:

Other operating expenses in €m	March 31, 2004	March 31, 2005
Other business taxes	46	257
Legal, consulting and audit costs	97	110
Public relations expenses	100	96
Telecommunication costs	65	71
Travel and training costs	102	91
Cost of purchased cleaning, transportation and security services	63	65
Insurance costs	67	58
Allowance for losses on loans and advances (financial services)	41	51
Write-downs of current assets	17	47
Office supplies	59	46
Warranty and compensation expenses	29	27
Entertainment and corporate hospitality expenses	18	24
Services provided by Bundesanstalt für Post und Telekommunikation	22	21
Prior-period expenses	31	19
Losses on disposal of assets	29	19
Contributions and fees	11	18
Donations	10	11
Voluntary social benefits	15	9
Property-related expenses	9	9
Addition to provisions	30	6
Monetary transaction costs	6	5
Miscellaneous	56	108
Total	**923**	**1,168**

The increase in other business taxes relates in particular to Deutsche Post AG's tax arrears with regard to capital tax and trade capital tax.

7. Miscellaneous

€18 million of the amount reported as current assets in accordance with IFRS 5: Noncurrent Assets Held for Sale and Discontinued Operations relates to the reclassification of the German company trans-o-flex, Weinheim, which is held for sale. The sale will be effected in the second quarter of 2005. This standard is being applied prospectively.

Please refer also to the more detailed disclosures in the notes to the consolidated financial statements contained in the 2004 Annual Report.

Income Statement (Postbank at Equity)

For the period January 1 to March 31 in €m	Deutsche Post World Net restated Jan. 1 – March 31, 2004	Deutsche Post World Net Jan. 1 – March 31, 2005
Revenue	9,133	9,166
Other operating income	176	614
Total operating income	**9,309**	**9,780**
Materials expense	–4,055	–4,379
Staff costs	–3,335	–3,402
Depreciation, amortization and impairment losses[1]	–392	–282
Other operating expenses	–831	–1,020
Total operating expenses	**–8,613**	**–9,083**
Profit from operating activities (EBIT)	**696**	**697**
Net income from associates	0	0
Net income from measurement of Deutsche Postbank group at equity	98	71
Net other finance costs	–187	–241
Net finance costs	**–89**	**–170**
Profit from ordinary activities	**607**	**527**
Income tax expense	–147	–62
Net profit for the period before minority interest	**460**	**465**
Minority interest	–14	–10
Consolidated net profit for the period	**446**	**455**

[1] The goodwill amortization item and the profit or loss from operating activities before goodwill amortization (EBITA) total are no longer presented due to the adoption of IFRS 3. Goodwill amortization was added to depreciation, amortization and impairment losses. Further details on the restated prior-period amounts can be found under number 3 in the notes starting on page 23

Balance Sheet (Postbank at Equity)

As of March 31, 2005 in €m	Deutsche Post World Net restated Dec. 31, 2004	Deutsche Post World Net March 31, 2005
ASSETS		
Noncurrent assets		
Intangible assets	6,677	6,833
Property, plant and equipment	7,243 [1]	7,372
Noncurrent financial assets		
Investments in associates	82	61
Investments in Deutsche Postbank group	3,167	3,212
Other noncurrent financial assets	716	901
Investment property	131 [1]	129
	4,096	**4,303**
Other noncurrent assets	235	258
Deferred tax assets	244	696
	18,495	**19,462**
Current assets		
Inventories	224	246
Noncurrent assets held for sale and discontinued operations	0	18
Current tax receivables	549	599
Receivables and other assets	5,339	5,579
Financial instruments	188	405
Cash and cash equivalents	4,781	4,337
	11,081	**11,184**
Total assets	**29,576**	**30,646**

[1] Prior-period amounts restated in accordance with the consolidated financial statements

Balance Sheet (Postbank at Equity)

As of March 31, 2005 in €m	Deutsche Post World Net restated Dec. 31, 2004	Deutsche Post World Net March 31, 2005
EQUITY AND LIABILITIES		
Equity		
Issued capital	1,113	1,113
Reserves	4,487	6,206
Consolidated net profit	1,588	455
Equity attributable to Deutsche Post AG shareholders	**7,188**	**7,774**
Minority interest	24 [1]	47
	7,212	**7,821**
Noncurrent provisions and liabilities		
Noncurrent provisions		
Provisions for pensions and other employee benefits	5,298	5,324
Deferred tax liabilities	60 [1]	368
Other noncurrent provisions	2,836	3,089
	8,194	**8,781**
Noncurrent liabilities		
Noncurrent financial liabilities	4,552	4,992
Other noncurrent liabilities	260	237
	4,812	**5,229**
	13,006	**14,010**
Current provisions and liabilities		
Current provisions		
Current tax provisions	538	715
Other current provisions	1,716	1,595
	2,254	**2,310**
Current liabilities		
Current financial liabilities	737	355
Trade payables	3,176	2,322
Current tax liabilities	437	499
Other liabilities	2,754	3,329
	7,104	**6,505**
	9,358	**8,815**
Total equity and liabilities	**29,576**	**30,646**

[1] Prior-period amounts restated in accordance with the consolidated financial statements

Cash Flow Statement (Postbank at Equity)

For the period January 1 to March 31 in €m	Deutsche Post World Net restated Jan. 1 – March 31, 2004	Deutsche Post World Net Jan. 1 – March 31, 2005
Net profit before taxes	**607** [1]	**527**
Net financial income excluding net income from measurement at equity	187 [1]	241
Depreciation/amortization of noncurrent assets	400	282
Gains on disposal of noncurrent assets	–9	–17
Non-cash income and expense	28 [1]	56
Net income from measurement at equity	–98	–71
Change in provisions	–131	–211
Taxes paid	–4	–31
	980	**776**
Changes in working capital		
Inventories	–9	–19
Receivables and other assets	–730	–203
Liabilities and other items	44	–273
Net cash from operating activities	**285**	**281**
Proceeds from disposal of noncurrent assets		
Divestitures	0	6
Other noncurrent assets	60	7
	60	**13**
Cash paid to acquire noncurrent assets		
Investments in companies	–14	–144
Other noncurrent assets	–250	–382
	–264	**–526**
Interest and dividends received	36	80
Postbank dividend	589	0
Current financial instruments	65	–174
Net cash used in (previous year: from) investing activities	**486**	**–607**
Change in financial liabilities	9	–9
Dividends and other payments to owners	0	0
Interest paid	–130	–94
Net cash used in financing activities	**–121**	**–103**
Net change in cash and cash equivalents	650	–429
Effect of changes in exchange rates on cash and cash equivalents	–1	–15
Changes in cash and cash equivalents due to changes in consolidated group	0	0
Cash and cash equivalents at January 1	2,333	4,781
Cash and cash equivalents at March 31	**2,982**	**4,337**

[1] Prior-period amounts restated in accordance with the consolidated financial statements

Financial calendar	
May 9, 2005	Publication of the interim report on the first quarter of 2005, analyst conference call[1]
May 18, 2005	Annual General Meeting[2] (Cologne)
May 19, 2005	Dividend payment
July 28, 2005	Publication of the interim report on the first half of 2005, financials press conference and analyst conference call[1]
November 10, 2005	Publication of the interim report on the first nine months of 2005, analyst conference call[1]
March 14, 2006	Publication of the 2005 Annual Report, financials press conference and analyst conference call[1]
May 10, 2006	Annual General Meeting[2] (Cologne)
May 11, 2006	Dividend payment
May 16, 2006	Publication of the interim report on the first quarter of 2006, analyst conference call[1]
July 31, 2006	Publication of the interim report on the first half of 2006, financials press conference and analyst conference call[1]
November 8, 2006	Publication of the interim report on the first nine months of 2006, analyst conference call[1]
Further Investor Relations events	
May 12/13, 2005	Bear Stearns Global Transportation Conference (New York)
June 1, 2005	Deutsche Bank German Corporate Conference 2005 (Frankfurt/Main)
June 9, 2005	Goldman Sachs Business Services Conference (London)
June 9, 2005	Merrill Lynch Global Transportation Conference (New York)
September 28, 2005	HVB German Investment Conference (Munich)
November 9, 2005	Citigroup Transportation Conference (New York)

[1] ⓘ and **live Internet broadcast** of the entire conference at http://investors.dpwn.com

[2] ⓘ and **live Internet broadcast** of the speech by the Chairman of the Board of Management at http://investors.dpwn.com

Subject to correction; changes may be made at short notice

This interim report contains forward-looking statements that relate to the business, financial performance and results of operations of Deutsche Post AG. Forward-looking statements are not historical facts, and may be identified by words such as "believes," "expects," "predicts," "intends," "projects," "plans," "estimates," "aims," "foresees," "anticipates," "targets," and similar expressions. As these statements are based on current plans, estimates and projections, they are subject to risks and uncertainties that could cause actual results to be materially different from the future development, performance or results expressly or implicitly assumed in the forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. Deutsche Post AG does not intend or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date of this interim report.

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Martin Ziegenbalg

Coordination/Editors:
Kathrin Engeländer,
Beatrice Scharrenberg

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Investor Relations:
Fax: +49 (0) 2 28/1 82-6 32 99
E-mail: ir@deutschepost.de

Press Office:
Fax: +49 (0) 2 28/1 82-98 80
E-mail: pressestelle@deutschepost.de

Deutsche Post World Net online:
www.dpwn.com

For information on Deutsche Post stock
please e-mail ir@deutschepost.de

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