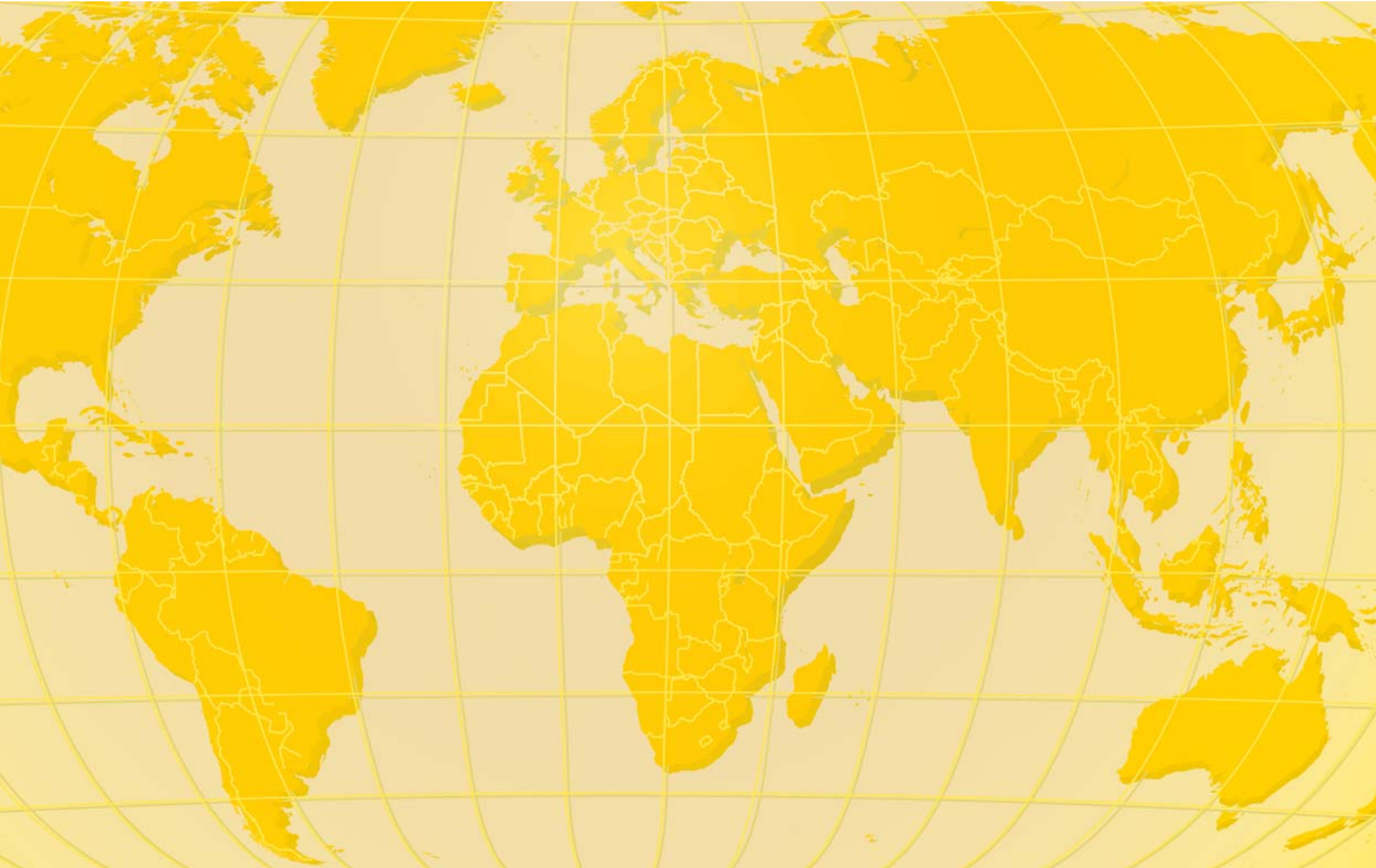

Interim Report January 1 to June 30, 2005

Deutsche Post World Net

MAIL EXPRESS LOGISTICS FINANCE

H1/2005

- Group increases revenue by 2.0% to €21,484 million
- Consolidated net profit up 30.2% to €939 million
- Express business in the USA with revenue growth and earnings development in line with forecasts
- German state holding in Deutsche Post drops to below 50%
- Earnings contribution from STAR amounts to €261 million in first half; program has generated a total of €1,123 million since launch in November 2002

Financial highlights		H1 2004	H1 2005	Change in %
Revenue	in €m	21,066	21,484	2.0
thereof international revenue	in €m	9,886	10,615	7.4
Profit from operating activities before goodwill amortization (EBITA)[1]	in €m	1,682	1,652	–1.8
Profit from operating activities (EBIT)	in €m	1,494	1,652	10.6
Consolidated net profit	in €m	721	939	30.2
Operating cash flow (Postbank at equity)	in €m	1,209	912	–24.6
Earnings per share	in €	0.65	0.84	29.2

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €188 million in H1/2004

Selected indicators for net assets (Postbank at equity)		Dec. 31, 2004	June 30, 2005	Change in %
Net debt	in €m	–32	597	n/a
Net gearing	in %	–0.45	7.03	n/a

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You can find up-to-date news about the Group as well as our stock, bonds, investor events and corporate governance on our website. This interim report and other financial reports are available online and can also be downloaded from there.

Report by the Board of Management

Economic environment

The **global economy** developed unevenly overall in the first half of 2005. Crude oil prices, which remained at their high level for longer than expected, were a key factor. On July 7, 2005, attacks on the London transport network caused turbulence on the stock markets, which lost significant ground worldwide. However, they then largely recovered their losses in the course of further trading.

The economic environment in the **USA** remained favorable overall in the first six months of 2005: the labor market proved robust, capital expenditure increased and consumer confidence reached a three-year high in June after dipping briefly in the spring. In line with this, the US Federal Reserve continued its policy of gradually raising its key rates, increasing them by 0.25 percentage points to 3.25% on June 30, 2005.

The economy in **Japan** also increasingly found its feet, showing signs of greater consumer spending since the beginning of the year. **China's** economy continues to grow strongly.

Development in the **euro zone** was mixed: while the business climate has recently brightened in some countries, including France and Spain, Italy is currently on a downward trajectory.

In **Germany**, the prospect of new elections and the weaker euro lifted economic sentiment somewhat in June, after four successive falls: the Ifo business climate index increased again slightly for the first time. However, experts continue to believe that domestic demand is too weak to talk about a self-sustaining recovery.

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, as we already explained in the notes to the Interim Report as of March 31, 2005. We therefore restated our financial statements as of June 30, 2004 accordingly, as described in detail in the notes starting on page 27.

So as to enable improved management and transparent presentation of cross-segment service functions such as IT services (ITS), aviation and hubs, we no longer report these in the corporate divisions, but in the Other/Consolidation segment. We have adjusted the prior-year figures accordingly with retroactive effect as of January 1, 2004.

In H1/2005, **consolidated revenue** rose by 2.0% year-on-year to €21,484 million (previous year: €21,066 million). The proportion of revenue generated abroad also increased further to 49.4% due to various acquisitions, among other things.

Overall, we recorded acquisition effects for the period amounting to €319 million. Currency effects totaled €–97 million.

Various one-time tax effects are reflected in the following income statement items: **other operating income** increased from €590 million to €1,226 million, primarily because a VAT provision of €384 million was reversed. **Other operating expenses** also increased, namely from €1,869 million to €2,018 million. This includes capital tax arrears in the amount of €45 million. The outstanding payment of trade capital tax arrears in the amount of €146 million is also accounted for as an expense.

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

Materials expense rose by 7.4% to €11,252 million (previous year: €10,480 million), due in particular on the one hand, to increased demand for and costs of third-party transport services, and on the other to the first-time inclusion of various companies.

Staff costs increased at a slower rate (2.9%), amounting to €7,156 million in the period under review compared with €6,954 million in the previous year. Acquisitions and in particular the collective wage increases for Deutsche Post AG employees agreed in the previous year are also reflected here.

In the previous year, we recorded depreciation, amortization and impairment losses amounting to €859 million. This included goodwill amortization of €188 million. Starting in fiscal 2005, goodwill may no longer be amortized in accordance with IFRS 3. As in the past, an impairment test is performed, which is required at least once a year. Depreciation, amortization and impairment losses totaled €632 million for the first half of 2005; this no longer includes any goodwill amortization.

Our main earnings figure is **profit from operating activities (EBIT)**, and no longer profit from operating activities before goodwill amortization (EBITA). EBIT amounted to €1,652 million for the period under review (previous year: €1,494 million). In 2004, the figure included net income from Postbank's IPO amounting to around €75 million.

Overall, **net finance costs** improved significantly from €421 million to €361 million. **Net income from associates** in the first half of 2005, which rose from €5 million to €55 million, included a gain of €54 million resulting from the disposal of trans-o-flex. Our net debt was substantially reduced as a result of Postbank's IPO. This also led to a reduction in interest expenses, although this was offset by the obligation to pay interest amounting to €78 million on the above-mentioned tax arrears. Both effects are reflected in **net other finance costs**, which improved slightly overall from €426 million to €416 million.

As a result, **profit from ordinary activities** rose by 20.3% to €1,291 million (previous year: €1,073 million).

As expected, the tax rate decreased from 29.9% in the first half of 2004 to the current figure of 19.3%. Overall, income tax expense amounted to €249 million (previous year: €321 million).

Minority interest increased from €31 million to €103 million due to Postbank's IPO in June 2004, which resulted in the creation of additional minority interest.

Consolidated net profit climbed 30.2% to €939 million (previous year: €721 million).

Due to the increased consolidated net profit, **earnings per share** grew strongly from €0.65 to €0.84.

Operating cash flow (Postbank at equity) fell from €1,209 million to €912 million compared with the first half of 2004, as net profit before taxes contained higher non-cash income or lower non-cash expenses, e.g. depreciation and amortization, than in the previous year. We also recorded higher tax payments. **Net cash from investing activities** (Postbank at equity) became **net cash used in investing activities**, changing from a positive €1,304 million to a negative €731 million year-on-year. In the first half of 2004, the proceeds from Postbank's IPO amounting to around €1.6 billion were still included in **divestitures**.

Net cash used in financing activities (Postbank at equity) was reduced from €1,005 million to €739 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** in the Postbank at equity scenario rose from €3,846 million in the first half of 2004 to €4,183 million in the first six months of 2005.

Compared with December 31, 2004, **net debt** (Postbank at equity) grew from €–32 million to €597 million as of June 30, 2005, as cash and cash equivalents decreased. As a result, **net gearing** (Postbank at equity) climbed from –0.45% at December 31, 2004 to 7.03% at June 30, 2005.

The Group's **capital expenditure (capex)**, i.e. investments in property, plant and equipment and intangible assets (excluding goodwill), amounted to a total of €812 million as of June 2005 (previous year: €592 million). Expenditure focused primarily on the expansion of our international network structures. In the first half of 2005, the MAIL Corporate Division invested mainly in technical equipment and the expansion of its information technology. The European network infrastructure and the central hub in Wilmington, USA, formed the focus of our investment in the EXPRESS Corporate Division. In the LOGISTICS Corporate Division, we invested primarily in multi-user warehouses. In addition, we acquired assets from KarstadtQuelle AG in this segment. In our FINANCIAL SERVICES Corporate Division, we modernized and further expanded our information technology, and performed maintenance on our retail outlets. In our Other/Consolidation segment, additional sums were invested in the renewal of our vehicle fleet and the expansion of our IT infrastructure.

Risk report

No significant additional risks arose for the Group in the first six months of 2005 compared to the opportunities and risks presented in detail in the 2004 Annual Report and the Interim Report as of March 31, 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 logistics for KarstadtQuelle

As planned, DHL took over the distribution logistics for KarstadtQuelle AG's bulky goods and part-load operations as of July 1, 2005. This mainly concerns the organization and implementation of the warehousing and distribution of bulky goods and part-loads for Quelle and Neckermann's mail order activities. Bulky goods and part-loads includes standard parcels and mailable freight, as well as products such as kitchens that cannot be delivered via the normal parcel centers. The *Bundeskartellamt* (German Federal Antitrust Authority) approved the takeover agreed in January this year without requirements or conditions. DHL took over all of the distribution logistics for Karstadt's department stores as of April 1, 2005.

Deutsche Post launches pilot project for new retail outlet format

From September 2005, Deutsche Post will be testing a new, more cost-effective retail outlet format with the aim of preserving locations outside our obligatory network that were scheduled to be closed. Working together with retail partners, the company will initially set up sales outlets at around 300 locations offering basic postal services such as stamps, parcel-post stamps and Packsets. The offering will not include special services for which demand is lower, or banking services. If customers respond favorably, the pilot project will be extended starting in spring 2006.

Automotive industry trusts DHL's logistics solutions

In the period under review, DHL received major orders for the next several years from international automobile manufacturers: for example, DHL is taking over warehousing as well as the shipment of spare parts and accessories for Ford in Indonesia. The company has already been awarded similar orders by Ford in Australia, China, Brazil, Canada, Sweden, Poland and the USA. DHL also achieved a first in the German automotive industry with an order from the BMW Group: since March, the express and logistics specialist has been handling deliveries to the BMW Group's 14 production locations in Germany, Austria and the United Kingdom. This means that, for the first time, a vehicle manufacturer's entire volume of part-load operations has been transferred to a single provider's transport network.

DHL awarded top marks in Asia for airfreight and express services

In the period under review, DHL received several honors for its performance in the growth region of Asia: the company was voted the Best Express Service Provider in Asia for the 19th consecutive time by customers at the annual Asian Freight & Supply Chain Awards in April. For the first time, it was also named Best 3PL (Third-party Logistics) Provider at this event. As part of the Asia Super Brands Survey conducted among consumers by Reader's Digest magazine, DHL received the Platinum Award in the airfreight/express category in June, in addition to other prizes. These awards were preceded by numerous initiatives to extend DHL's regional market leadership, which are detailed in our 2004 Annual Report.

Deutsche Post opens up downstream access for mail consolidators

For the first time, Deutsche Post has entered into downstream access agreements with mail consolidators. It is thus implementing a ruling by the *Bundeskartellamt* dated February this year, under which service providers must be granted the same volume discounts on postage as major customers if they collect mail from several senders and prepare it for shipment. Deutsche Post continues to regard this opening as a breach of its exclusive license and reserves the right to demand repayment of any discounts granted, if the ruling by the *Bundeskartellamt* is rescinded. A final decision has yet to be made by the courts.

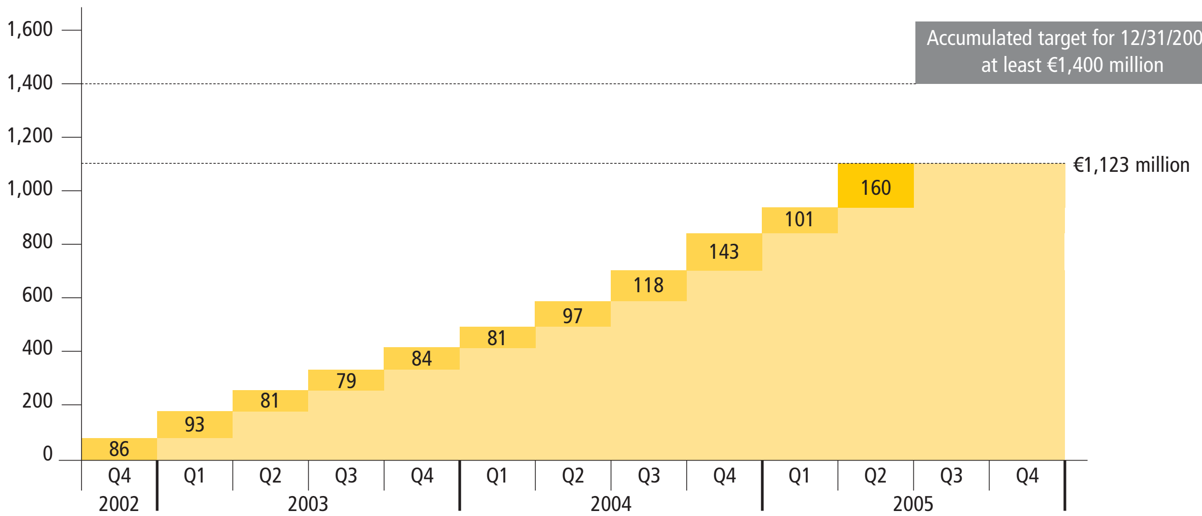
Overview of significant events	
In Q2/2005	
April 28	DHL launches new flights between China and the USA
May 2	Deutsche Post opens up downstream access for mail consolidators
May 11	DHL again voted Best Express Service Provider in Asia
May 18	Deutsche Post's Annual General Meeting in Cologne
May 19	Deutsche Post pays dividend for fiscal year 2004
May 25	DHL manages Ford's logistics in Indonesia
June 1	BMW Group chooses DHL's pan-European network
June 14	Majority of Deutsche Post shares held privately
June 27	From September 2005, Deutsche Post tests new retail outlet format
After June 30, 2005	
July 1	DHL takes over logistics for KarstadtQuelle
July 1	DHL wins "European Investment Award" for its data center in Prague
July 8	DHL named leading express delivery company in the UK
July 18	KfW acquires the remaining German government holding in Deutsche Post

The STAR value creation and integration program

Contribution to earnings from the STAR program

In the first six months of the current fiscal year, the measures implemented under our integration and value creation program generated an earnings contribution of €261 million. This means that the total contribution to earnings from the STAR program since its launch in November 2002 is €1,123 million. As a result, we are on the home straight six months prior to the program's conclusion.

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



Bundled procurement of services

Deutsche Post World Net has bundled the purchasing of marketing services in line with its consistent brand management policy. In an extensive tendering process, Corporate Communications and Corporate Procurement selected 30 agencies that will now cover the company's advertising requirements, for example in the form of brochures, mailings and advertisements. All agencies received uniform master agreements and a price list was drawn up per agency for standard services and hourly rates. This has made the services performed for us more transparent. In some cases, we also substantially improved on the conditions agreed.

We made further progress in bundling the purchasing of IT services as well: for example, in future, the whole company will use a single supplier of business intelligence software – systems that generate reports and analyses from a large volume of data according to customer requirements. This standardization not only unifies our systems environment, but will cut costs at the same time.

DHL's successful new sales organization

Since 2004, DHL has been serving more than 100 major multinational customers with its new Global Customer Solutions (GCS) sales organization. We presented this strategy in detail in the 2004 Annual Report. GCS is proving extraordinarily successful, generating a substantial volume of new business and extending existing agreements. A major factor for the strong revenue growth with customers supported by GCS is the cross-selling potential we have realized to date within the Group, which runs into the hundreds of millions.

Outlook

Experts are of the opinion that the terrorist attacks in London will not have a fundamental effect on the **global economy**. However, there may be a negative short-term psychological impact, which could have a limited adverse effect on the mood of consumers and some investors. The global economy is likely to pick up further over the rest of the year if the impact of the energy price hike and the resulting loss of consumer purchasing power slowly decline.

The **US economy**, which is performing well, is likely to lose momentum slightly but will remain solid overall.

In **Japan**, experts predict that the forces which are driving forward the ongoing recovery will continue over the rest of the year. **China** should continue to grow strongly, although there are uncertainties about its economic development.

Economic growth in the **euro zone** is expected to gain somewhat in momentum over the rest of the year. Until now, the sharp rise in energy prices has prevented stronger growth in domestic demand. On the other hand, export prospects are likely to improve again given the recent depreciation of the euro.

In **Germany**, experts currently forecast that gross domestic product will grow overall by 1.2% for the full year. However, the economy could regain momentum as a result of new elections and reforms.

In the **MAIL** Corporate Division, we expect profit from operating activities (EBIT) for full-year 2005 to remain stable at €2 billion.

Based on the encouraging development to date in Asia and the USA, we expect EBIT for the **EXPRESS** Corporate Division to exceed last year's €367 million by 100%. The reported figure for 2004 does not include goodwill amortization of €256 million. We expect to reduce the deficit for the Americas region for full-year 2005 and, as before, are anticipating a loss of up to €300 million.

We continue to expect EBIT for the **LOGISTICS** Corporate Division for the full year to exceed the previous year's level of €281 million by 5 to 10%. The reported figure for the previous year is before goodwill amortization of €99 million.

Earnings for the **FINANCIAL SERVICES** Corporate Division are expected to continue their positive development over the rest of the year, with estimated growth of 5 to 10% overall. The figure of €692 million reported in the 2004 Annual Report is before goodwill amortization of €2 million.

We expect an accumulated earnings contribution from our STAR value creation program of at least €1.4 billion by December 31, 2005. We will also continue to implement individual projects after the official end of the program. One focus will be on further network integration in Europe. However, responsibility for this will be transferred to the line functions in the corporate divisions by the end of the year.

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

As explained in the Interim Report as of March 31, 2005, we expect a Group tax rate of around 20% for the coming years in the financial statements prepared in accordance with International Financial Reporting Standards (IFRS). This will have a positive impact on the level of **consolidated net profit**.

Starting in the current fiscal year, goodwill may no longer be amortized. All other things being equal, we also expect this change in accounting policy to result in a correspondingly higher consolidated net profit.

Against this background, we intend to increase the dividend distributed for 2005 by at least one-third.

To our Shareholders

Deutsche Post stock and bonds

Our stock data		H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Closing price on June 30	in €	17.75	19.32	8.8	18.2	19.32	6.2
High	in €	19.81	19.77	–0.2	19.81	19.77	–0.2
Low	in €	15.98	16.48	3.1	16.19	17.93	10.7
Market capitalization (closing price)	in €m	19,752	21,499	8.8	20,253	21,499	6.2
Earnings per share	in €	0.65	0.84	29.2	0.25	0.43	72.0
Cash flow per share (Postbank at equity)[1]	in €	1.09	0.82	–24.8	0.83	0.57	–31.3
Average trading volume (daily)	shares	2,479,850	3,309,391	33.5	2,600,532	3,862,400	48.5
Number of shares	million shares	1,112.8	1,112.8		1,112.8	1,112.8	

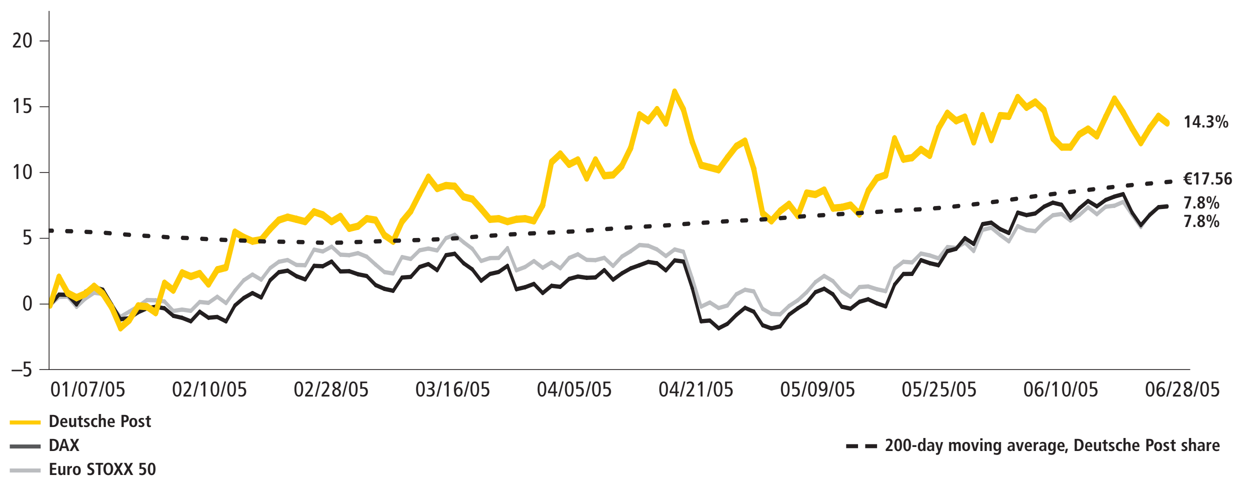
[1] Cash flow from operating activities

Deutsche Post stock continues encouraging trend

Although the stock market in the second quarter of the fiscal year continued to feel the influence of rising oil prices, there was no slump: the DAX and Euro STOXX 50 both increased by 7.8% in the first half of 2005. Deutsche Post stock even recorded growth of 14.3%, thus continuing its successful performance in the first quarter. It closed at €19.32 on June 30, 2005.

Share price performance in the second quarter was primarily influenced by two factors: the first was the discount reflecting the dividend for fiscal 2004, which we distributed on the day after the Annual General Meeting. The second was that KfW Bankengruppe (KfW) sold another package of Deutsche Post shares, as was expected, thus bringing our free float to over 55%. This was received extremely positively by the markets.

Deutsche Post share price development
in %



Source: Bloomberg

Closing prices on last trading day	December 2004	June 2005	Change in %
Deutsche Post	€16.90	€19.32	14.3
TPG	€19.98	€20.95	4.9
FedEx	US$98.49	US$81.01	–17.7
UPS	US$85.46	US$69.16	–19.1

Analysts' opinions remain positive

Once again, the assessments produced at the end of the reporting period by the banks covering us were largely positive. Of a total of 35 analysts, 28 produced positive assessments of Deutsche Post stock, and 7 neutral ones. A monthly update of changes to the recommendations is given on our website.

Annual General Meeting resolves dividend increase

This year's Annual General Meeting on May 18, 2005 resolved a total distribution of €556.4 million. This corresponds to a dividend increase of approximately 14% for 2004 to €0.50 per share. The dividend is tax-free for shareholders resident in Germany.

In addition, the activities of the members of the Board of Management and the Supervisory Board were approved by a large majority. The Board of Management was authorized to increase the share capital by up to 250,000,000 no-par value registered shares against non-cash contributions, with shareholders' pre-emptive rights being disapplied. This resolution replaces the existing authorization granted by the Annual General Meeting on October 13, 2000 and due to expire on September 30, 2005. The Board of Management was also authorized to acquire own shares up to a total of 10% of the existing share capital.

Detailed information on the Annual General Meeting, including the complete agenda, the voting results and the Articles of Association, can be downloaded from our website.

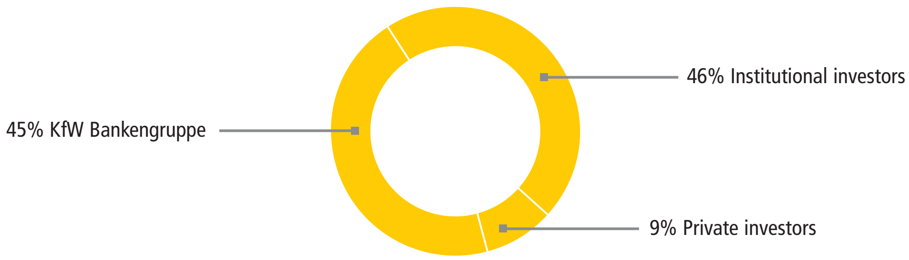
Majority of Deutsche Post shares held privately

On June 13, 2005, KfW placed a further 110 million shares of Deutsche Post AG worth a total of around €2.1 billion with international institutional investors. On June 15, 2005, the issuing banks involved exercised in full the greenshoe amounting to 16.5 million shares granted to them by KfW. As a result, 126.5 million shares with a total value of €2.4 billion were successfully placed. Following the completion of this major privatization step, 55.3% of all Deutsche Post shares are now held in free float; this means that, five years after its IPO, Deutsche Post is no longer majority-owned by the state.

This is advantageous for our company: for one, index weightings will improve, due to the increased liquidity of our shares. The investor base will be increased, especially internationally, and general awareness will improve.

In addition, as part of a placeholder transaction on July 18, 2005, KfW acquired the remaining 7.3%, or 80.0 million shares in Deutsche Post owned by the Federal Government. It will place no further Deutsche Post shares on the capital market until May 14, 2006. The following diagram shows our current shareholder structure:

Shareholder structure as of July 18, 2005



Credit ratings unchanged

There have been no changes in the credit ratings as against the presentation in the 2004 Annual Report. Both Fitch and Standard & Poor's rating agencies have reiterated their ratings in the meantime. We also provide information on our corporate bonds and the development of their spreads on our website.

Investor relations

In the second quarter, the members of the Board of Management and our investor relations team met with investors and analysts in Germany and abroad in the course of twelve roadshows. We provided information on the Group's current development and strategy in over 70 one-on-one meetings. In addition, we attended six international conferences. We publish all presentations on our website at the time of the event.

Corporate governance

After shareholders at our Annual General Meeting on May 18, 2005 elected Mr. Ehler, Mr. Oetker, Mr. Reich and Dr. Weber for five years to the company's Supervisory Board, Deutsche Post AG now also complies with the German Corporate Governance Code of May 21, 2003 with regard to the different periods of office of the shareholder representatives, and hence with all suggestions except one. The members newly elected by the Annual General Meeting had previously been appointed by the court in the place of retired members. The period of office of the newly elected members expires at the end of the 2010 Annual General Meeting, and that of the other shareholder representatives at the end of the 2006 Annual General Meeting.

The elections to the Supervisory Board were held on an individual basis – as recommended by the latest version of the Code.

Corporate Divisions

The segments at a glance

- MAIL records clear revenue growth internationally
- Express business in the USA increases service quality to a good 97%
- LOGISTICS records further growth in operating revenue and earnings
- Strong Postbank yields healthy result for FINANCIAL SERVICES

Segments by corporate division for H1

in €m	MAIL		EXPRESS[1, 2]		LOGISTICS		FINANCIAL SERVICES		Other/ Consolidation[1, 2]		Group	
	H1		H1		H1		H1		H1		H1	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
External revenue	5,971	6,008	8,556	8,641	3,135 [1]	3,495	3,324	3,220	80	120	21,066 [1]	21,484
Internal revenue	319	343	81	151	49 [1]	65	323	317	–772	–876	0	0
Total revenue	6,290	6,351	8,637	8,792	3,184	3,560	3,647	3,537	–692	–756	21,066 [1]	21,484
Profit or loss from operating activities (EBIT)	1,162	1,102	10	163	66	122	329	379	–73	–114	1,494	1,652
Net income from associates	0	0	5	55	0	0	0	0	0	0	5	55
Segment assets[3]	4,198	4,094	10,864	11,428	3,156	3,553	126,804	135,769	1,046	1,790	146,068	156,634
Investments in associates[3]	21	21	53	32	11	7	0	0	–3	–3	82	57
Segment liabilities including non-interest-bearing provisions[3]	2,076	1,930	3,524	4,120	1,132	1,449	117,959	126,442	1,115	204	125,806	134,145
Segment investments	156	87	299	531	83	72	73	117	194	249	805 [1]	1,056
Depreciation, amortization and write-downs	222	155	318	150	86	55	127	105	106	167	859 [1]	632
Other non-cash expenses	77	66	50	64	4	10	138	144	14	55	283	339
Employees[4]	134,004	129,661	130,390	131,192	31,696	33,335	32,293	31,595	20,288	19,607	348,671	345,390

[1] Prior-period amounts restated due to the retrospective full consolidation of a number of Asian companies in the EXPRESS Corporate Division as of January 1, 2004
[2] Prior-period amounts restated due to the retrospective reclassification of cross-segment service functions (IT services (ITS), aviation and hubs) to Other/Consolidation as of January 1, 2004
[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 June 30, 2005; the remaining items are reported for the periods ended June 30, 2004 and June 30, 2005
[4] Number of employees calculated as averages for fiscal years 2004 and 2005 (FTEs)

Segments by region for H1

in €m	Germany		Europe excluding Germany		Americas		Asia/Pacific		Other regions		Group	
	H1		H1		H1		H1		H1		H1	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
External revenue	11,180	10,869	5,346	5,401	3,055	3,260	1,159 [1]	1,539	326	415	21,066 [1]	21,484
Segment assets[2]	122,868	131,730	15,264	15,592	6,657	7,699	998	1,319	281	294	146,068	156,634
Segment investments	233	264	288	256	209	282	66 [1]	245	9	9	805 [1]	1,056

[1] Prior-period amounts restated due to the retrospective full consolidation of a number of Asian companies in the EXPRESS Corporate Division as of January 1, 2004
[2] Segment assets are reported as of the balance sheet dates December 31, 2004 and June 30, 2005; the remaining items are reported for the periods ended June 30, 2004 and June 30, 2005

Segments by corporate division for Q2

in €m	MAIL Q2 2004	MAIL Q2 2005	EXPRESS[1, 2] Q2 2004	EXPRESS[1, 2] Q2 2005	LOGISTICS Q2 2004	LOGISTICS Q2 2005	FINANCIAL SERVICES Q2 2004	FINANCIAL SERVICES Q2 2005	Other/ Consolidation[1, 2] Q2 2004	Other/ Consolidation[1, 2] Q2 2005	Group Q2 2004	Group Q2 2005
External revenue	2,858	2,911	4,300	4,454	1,611 [1]	1,847	1,668	1,642	58	104	10,495 [1]	10,958
Internal revenue	158	181	38	80	28 [1]	39	155	163	–379	–463	0	0
Total revenue	3,016	3,092	4,338	4,534	1,639	1,886	1,823	1,805	–321	–359	10,495 [1]	10,958
Profit or loss from operating activities (EBIT)	416	459	24	126	32	62	169	194	6	–60	647	781
Net income from associates	0	0	5	55	0	0	0	0	0	0	5	55
Segment investments	96	34	39	272	35	58	49	87	178	240	397 [1]	691
Depreciation, amortization and write-downs	112	78	115	38	44	18	64	54	101	136	436 [1]	324
Other non-cash expenses	43	37	31	–15	3	1	83	71	–16	32	144	126

[1] Prior-period amounts restated due to the retrospective full consolidation of a number of Asian companies in the EXPRESS Corporate Division as of January 1, 2004

[2] Prior-period amounts restated due to the retrospective reclassification of cross-segment service functions (IT services (ITS), aviation and hubs) to Other/Consolidation as of January 1, 2004

Segments by region for Q2

in €m	Germany Q2 2004	Germany Q2 2005	Europe excluding Germany Q2 2004	Europe excluding Germany Q2 2005	Americas Q2 2004	Americas Q2 2005	Asia/Pacific Q2 2004	Asia/Pacific Q2 2005	Other regions Q2 2004	Other regions Q2 2005	Group Q2 2004	Group Q2 2005
External revenue	5,459	5,391	2,694	2,744	1,570	1,733	602 [1]	863	170	227	10,495 [1]	10,958
Segment investments	141	176	175	133	38	195	38 [1]	186	5	1	397 [1]	691

[1] Prior-period amounts restated due to the retrospective full consolidation of a number of Asian companies in the EXPRESS Corporate Division as of January 1, 2004

MAIL Corporate Division

MAIL		H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Total revenue	in €m	6,290	6,351	1.0	3,016	3,092	2.5
Profit from operating activities before goodwill amortization (EBITA)[1]	in €m	1,168	1,102	–5.7	419	459	9.5
Profit from operating activities (EBIT)	in €m	1,162	1,102	–5.2	416	459	10.3
Return on sales[2]	in %	18.5	17.4		13.8	14.8	

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €6 million in H1/2004
[2] EBIT/revenue

In the first six months of 2005, the MAIL Corporate Division increased its **revenue** by 1.0% year-on-year to €6,351 million. Our internationalization strategy here is progressing encouragingly: growth in our international business enabled us to more than offset the fall in national revenue. In this connection, we recorded currency effects for the first time here; they amounted to €–4 million in the period under review. Acquisition effects totaled €138 million.

Revenue by business division in €m	H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Mail Communication	3,414	3,216	–5.8	1,618	1,566	–3.2
Direct Marketing	1,379 [1]	1,379	0.0	650	645	–0.8
Press Distribution	401	404	0.7	202	205	1.5
Mail International/Value-added Services	777 [1]	1,010	30.0	388	496	27.8
Internal revenue	319 [1]	342	7.2	158	180	13.9
Total	**6,290**	**6,351**	**1.0**	**3,016**	**3,092**	**2.5**

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

In Germany, the continued weakness of the domestic economy coupled with increasing competition again impacted our **Mail Communication** Business Division. The price cuts that we were obliged to implement in accordance with this year's price-cap procedure also had a negative effect; in the period under review, we recorded revenue reductions of around €19 million. At €3,216 million, revenue was down by 5.8% overall on the previous year (€3,414 million). However, this decrease was smaller in the second quarter than in the first three months.

Mail Communication (Deutsche Post AG share) mail items (millions)	H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Business customer letters	3,795	3,636	–4.2	1,784	1,745	–2.2
Private customer letters	704	668	–5.1	335	327	–2.4
Total	**4,499**	**4,304**	**–4.3**	**2,119**	**2,072**	**–2.2**

By contrast, at €1,379 million in the period under review, we succeeded in matching the previous year's revenue in the cyclically-sensitive **Direct Marketing** Business Division as a result of increased sales efforts.

Direct Marketing (Deutsche Post AG share) mail items (millions)	H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Infopost/Infobrief (addressed advertising mail)	3,330	3,343	0.4	1,611	1,636	1.6
Postwurfsendung/Postwurf Spezial (unaddressed/partly addressed advertising mail)	1,972	1,959	–0.7	966	936	–3.1
Total	**5,302**	**5,302**	**0.0**	**2,577**	**2,572**	**–0.2**

Revenue in the **Press Distribution** Business Division increased slightly from €401 million in the previous year to €404 million.

While the situation in Germany remained difficult, we generated substantial revenue growth internationally. In the first six months of 2005, revenue in the **Mail International and Value-added Services** Business Divisions rose by 30.0% to €1,010 million (previous year: €777 million). This primarily reflects the initial inclusion of two acquisitions: we have consolidated revenues from SmartMail Holdings LLC in the USA since May 28, 2004, and revenues from KOBA in France since January 1, 2005. We also grew organically, for example in the Netherlands. These two business divisions now account for 16% of the corporate division's revenue, compared with only 12% in the previous year.

However, our growing revenues from international mail business are not achieving the margins that we generate in Germany. As a result, **profit from operating activities (EBIT)** decreased by 5.2% to €1,102 million in the period under review (previous year: €1,162 million). The previous year's figure included goodwill amortization of €6 million. The **return on sales** fell from 18.5% to 17.4%.

EXPRESS Corporate Division

EXPRESS		H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Total revenue	in €m	8,637	8,792	1.8	4,338	4,534	4.5
Profit from operating activities before goodwill amortization (EBITA)[1]	in €m	142	163	14.8	94	126	34.0
Profit from operating activities (EBIT)	in €m	10	163	1.530.0	24	126	425.0
Return on sales[2]	in %	0.1	1.9		0.6	2.8	

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €132 million in H1/2004

[2] EBIT/revenue

We had restructured our country organization in the EXPRESS Corporate Division as of April 1, 2004 and adjusted it to reflect the expansion of the European Union in the following month. Since then, we have presented the majority of the accession countries in the Europe region, and not the Emerging Markets (EMA). We are reporting adjusted figures for the previous year for the Asia/Pacific region, as we fully included a number of Asian companies for the first time in 2004. Overall, we recorded acquisition effects amounting to €28 million.

In the first six months of 2005, the corporate division lifted its **revenue** by 1.8% to €8,792 million (previous year: €8,637 million). All regions apart from Europe made a positive contribution. Negative currency effects in the amount of €80 million came primarily from the Americas region.

So as to enable improved management and transparent presentation of cross-segment service functions such as IT services (ITS), aviation and hubs, we now report these in the Other/Consolidation segment. We have adjusted the prior-year figures accordingly with retroactive effect as of January 1, 2004. The resulting effects on EBIT are in the low single-digit millions.

Revenue by region in €m	H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Europe	5,800	5,779	–0.4	2,885	2,955	2.4
Americas	2,149	2,243	4.4	1,094	1,182	8.0
Asia/Pacific	927	1,104	19.1	488	610	25.3
Emerging Markets (EMA)	366	416	13.7	197	219	10.2
Reconciliation	–605	–750	–24.0	–326	–432	–32.5
Total	**8,637**	**8,792**	**1.8**	**4,338**	**4,534**	**4.5**

As reported in the first quarter, the sale of Danzas Chemicals in April 2004 was noticeable in the **Europe** region, where revenue fell slightly in the period under review by 0.4% year-on-year to €5,779 million (previous year: €5,800 million). However, revenue generated in Germany was slightly up on the previous year. Although the weakness of the mail order business continued and we recorded declining volumes in retail outlet customer products, we increased our revenue from international parcel products and from freight. In other European countries revenue development varied depending on the progress made in integration.

In the **Americas** region, we lifted our revenue by 4.4% to €2,243 million (previous year: €2,149 million). In the USA, we have already achieved sustained improvement in our service quality since the first quarter: 97% of all national shipments are now reaching our customers at the promised time. We are currently working intensively to improve our cost structure and optimize our product mix. We have already invested heavily in our ground-based transport networks in the first half of the year. In line with scheduling, we will complete the integration of air hub activities at the Wilmington, Ohio, location, our central node in the USA, in October 2005 at the latest. Integration costs amounting to €21 million in the USA impacted the loss from operating activities (EBIT) for the entire region, which amounted to €197 million (previous year: loss of €263 million). The reported figure for 2004 includes goodwill amortization of €34 million.

We again recorded encouraging growth in the **Asia/Pacific** region, with revenue up by 19.1% to €1,104 million (previous year: €927 million). All subregions contributed to this. We also recorded external growth – on the one hand by increasing our interest in the Indian express company Blue Dart to 81% in March 2005, and on the other due to our joint venture with New Zealand Post in December 2004.

The **Emerging Markets (EMA)** also continued to grow strongly. We continued to profit here from greater transport volumes and recorded an increase in revenue of 13.7% in the period under review to €416 million (previous year: €366 million).

Overall, the corporate division generated a **profit from operating activities (EBIT)** of €163 million in the first six months of 2005. The previous year's figure of €10 million has been adjusted for an expense item of €132 million for goodwill amortization, which occurred in this form for the last time in fiscal year 2004. The **return on sales** for the express business outside the Americas region was 5.5%, and for the corporate division as a whole, 1.9%.

LOGISTICS Corporate Division

LOGISTICS		H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Total revenue	in €m	3,184	3,560	11.8	1,639	1,886	15.1
Profit from operating activities before goodwill amortization (EBITA)[1]	in €m	116	122	5.2	57	62	8.8
Profit from operating activities (EBIT)	in €m	66	122	84.8	32	62	93.8
Return on sales[2]	in %	2.1	3.4		2.0	3.3	

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €50 million in H1/2004

[2] EBIT/revenue

Both business divisions of the LOGISTICS Corporate Division, through healthy organic development, helped to lift **revenue** by a total of 11.8% in the first six months to €3,560 million (previous year: €3,184 million). Positive effects from the takeover of KarstadtQuelle AG's department store logistics as of April 1, 2005, which are reflected in the DHL Solutions Business Division, more than offset negative currency effects amounting to €13 million. The acquisition effect totaled €55 million.

Revenue by business division in €m	H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
DHL Danzas Air & Ocean	2,346	2,603	11.0	1,226	1,379	12.5
DHL Solutions	842	963	14.4	415	510	22.9
Reconciliation	–4	–6	–50.0	–2	–3	–50.0
Total	**3,184**	**3,560**	**11.8**	**1,639**	**1,886**	**15.1**

The **DHL Danzas Air & Ocean** Business Division increased its revenue by 11.0% to €2,603 million through organic growth alone (previous year: €2,346 million). In airfreight, revenue rose by 4.6% in the period under review to €1,285 million (previous year: €1,229 million) as a result of higher surcharges for fuel costs, as well as a 5.3% increase in volume.

Ocean freight recorded substantial revenue growth of 18.2% to €898 million (previous year: €760 million). Based on existing customer relations, we succeeded in increasing our transport volumes by 14.4% to 605 thousand TEUs (previous year: 529 thousand TEUs). TEU stands for twenty-foot equivalent unit. The higher freight rates also had a positive impact on revenue development.

We also increased revenue from our logistics value-added services, which we report under projects/other, by 17.6% to €420 million in the first half of 2005 (previous year: €357 million). We succeeded in both procuring new business and generating additional business with existing customers.

DHL Danzas Air & Ocean: revenue by area in €m	H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Airfreight	1,229	1,285	4.6	636	677	6.4
Ocean freight	760	898	18.2	394	481	22.1
Projects/other	357	420	17.6	196	221	12.8
Total	**2,346**	**2,603**	**11.0**	**1,226**	**1,379**	**12.5**

DHL Danzas Air & Ocean: volumes in thousands		H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Airfreight	Tonnage	1,031	1,086	5.3	537	575	7.1
Ocean freight	TEUs[1]	529	605	14.4	283	325	14.8

[1] Twenty-foot equivalent units

Revenue in the **DHL Solutions** Business Division amounted to €963 million in the period under review, up 14.4% on the previous year (€842 million). In addition to DHL Solutions' continuing healthy development in almost all regions and sectors, the takeover of KarstadtQuelle's department store logistics contributed to this growth. This took place at the beginning of the second quarter and is reflected in particular in the textiles/fashion sector, as the following table shows.

DHL Solutions: revenue by sector in €m	H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Automotive	37	40	8.1	16	22	37.5
Pharma/healthcare	25	29	16.0	12	14	16.7
Electronics/telecommunications	346	348	0.6	180	174	–3.3
Fast moving consumer goods	287	317	10.5	148	162	9.5
Textiles/fashion	117	193	65.0	46	119	158.7
Other	30	36	20.0	13	19	46.2
Total	**842**	**963**	**14.4**	**415**	**510**	**22.9**

The corporate division generated a **profit from operating activities (EBIT)** of €122 million in the first six months of 2005 (previous year: €66 million). The previous year's figure has been adjusted for an expense item of €50 million for goodwill amortization, which occurred in this form for the last time in fiscal year 2004. The **return on sales** rose from 2.1% to 3.4%.

FINANCIAL SERVICES Corporate Division

FINANCIAL SERVICES in €m	H1 2004	H1 2005	Change in %	Q2 2004	Q2 2005	Change in %
Total revenue	3,647	3,537	–3.0	1,823	1,805	–1.0
Profit from operating activities before goodwill amortization (EBITA)[1]	329	379	15.2	169	194	14.8
Profit from operating activities (EBIT)	329	379	15.2	169	194	14.8

[1] Starting in 2005, goodwill amortization is no longer recognized. It amounted to €460,000 in H1/2004

The FINANCIAL SERVICES Corporate Division consists primarily of Postbank. In addition, we report our Retail Outlet Group and the Pension Service in this corporate division.

This corporate division generated **income** of €3,537 million in the first half of 2005 (previous year: €3,647 million). Income from banking transactions comprises income from interest, fees and commissions, and trading transactions; it is equivalent to an industrial company's revenue. A significant reason for the 3.0% decline was Postbank's lower interest income. However, the decrease in interest expenses was even more pronounced, which meant that net interest income increased overall year-on-year.

Acquisition effects in relation to this income totaled €98 million. On the one hand, these effects resulted from the takeover of all of Dresdner Bank's payment transaction activities as of May 1, 2004 as well as Deutsche Bank's domestic, and some foreign, payment transactions as of July 1, 2004. The acquisition of the London branch of ING-BHF Bank as of January 1, 2005 is also reflected here.

Postbank gives a detailed account of its business development in the first half of the year in its interim report as of June 30, 2005, published on July 27, 2005.

Thanks to the healthy operating performance that Postbank continues to record, the corporate division's **profit from operating activities (EBIT)** increased by 15.2% to €379 million (previous year: €329 million). The previous year's figure included goodwill amortization amounting to €460,000.

Income Statement

For the period January 1 to June 30 in €m	Deutsche Post World Net restated H1 2004	Deutsche Post World Net H1 2005	Deutsche Post World Net restated Q2 2004	Deutsche Post World Net Q2 2005
Revenue and income from banking transactions	21,066	21,484	10,495	10,958
Other operating income	590	1,226	348	548
Total operating income	**21,656**	**22,710**	**10,843**	**11,506**
Materials expense and expenses from banking transactions	–10,480	–11,252	–5,327	–5,952
Staff costs	–6,954	–7,156	–3,487	–3,599
Depreciation, amortization and impairment losses[1]	–859	–632	–436	–324
Other operating expenses	–1,869	–2,018	–946	–850
Total operating expenses	**–20,162**	**–21,058**	**–10,196**	**–10,725**
Profit from operating activities (EBIT)	**1,494**	**1,652**	**647**	**781**
Net income from associates	5	55	5	55
Net other finance costs	–426	–416	–233	–167
Net finance costs	**–421**	**–361**	**–228**	**–112**
Profit from ordinary activities	**1,073**	**1,291**	**419**	**669**
Income tax expense	–321	–249	–127	–129
Net profit for the period before minority interest	**752**	**1,042**	**292**	**540**
Minority interest	–31	–103	–17	–56
Consolidated net profit for the period	**721**	**939**	**275**	**484**
	€	**€**	**€**	**€**
Basic earnings per share	**0.65**	**0.84**	**0.25**	**0.43**
Diluted earnings per share	**0.65**	**0.84**	**0.25**	**0.43**

[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 27

Balance Sheet

As of June 30, 2005 in €m	Deutsche Post World Net restated Dec. 31, 2004	Deutsche Post World Net June 30, 2005
ASSETS		
Noncurrent assets		
Intangible assets	6,846	7,291
Property, plant and equipment[1]	8,169	8,246
Noncurrent financial assets		
Investments in associates	82	57
Other noncurrent financial assets	661	811
Investment property[1]	270	216
	1,013	**1,084**
Other noncurrent assets	235	331
Deferred tax assets	764	851
	17,027	**17,803**
Current assets		
Inventories	227	236
Noncurrent assets held for sale and discontinued operations	0	20
Current tax receivables	630	626
Receivables and other assets	5,431	6,318
Receivables and other securities from financial services[1]	124,914	134,042
Financial instruments	187	384
Cash and cash equivalents	4,845	4,184
	136,234	**145,810**
Total assets	**153,261**	**163,613**

[1] Prior-period amounts restated, further details can be found under number 3 in the notes starting on page 27

Balance Sheet

As of June 30, 2005 in €m	Deutsche Post World Net restated Dec. 31, 2004	Deutsche Post World Net June 30, 2005
EQUITY AND LIABILITIES		
Equity		
Issued capital	1,113	1,113
Other reserves[1]	324	510
Retained earnings[1]	5,751	6,200
Equity attributable to Deutsche Post AG shareholders	**7,188**	**7,823**
Minority interest[1]	1,596	1,695
	8,784	**9,518**
Noncurrent provisions and liabilities		
Noncurrent provisions		
Provisions for pensions and other employee benefits	5,882	5,907
Deferred tax liabilities[1]	875	1,138
Other noncurrent provisions	3,246	3,511
	10,003	**10,556**
Noncurrent liabilities		
Noncurrent financial liabilities	4,503	5,079
Other noncurrent liabilities	2,989	3,086
	7,492	**8,165**
	17,495	**18,721**
Current provisions and liabilities		
Current provisions		
Current tax provisions	665	595
Other current provisions	1,719	1,511
	2,384	**2,106**
Current liabilities		
Current financial liabilities	737	397
Trade payables	3,285	2,582
Liabilities from financial services	117,026	125,764
Current tax liabilities	585	587
Current liabilities associated with noncurrent assets held for sale	0	14
Other current liabilities	2,965	3,924
	124,598	**133,268**
	126,982	**135,374**
Total equity and liabilities	**153,261**	**163,613**

[1] Prior-period amounts restated, further details can be found under number 3 in the notes starting on page 27

Cash Flow Statement

For the period January 1 to June 30 in €m	Deutsche Post World Net restated Jan. 1 – June 30, 2004	Deutsche Post World Net Jan. 1 – June 30, 2005
Net profit before taxes[1]	**1,073**	**1,291**
Net financial income[1]	421	361
Depreciation/amortization of noncurrent assets	859	632
Gains on disposal of noncurrent assets	–18	–27
Non-cash income and expense[1]	–15	202
Change in provisions	–261	–302
Taxes paid	–32	–154
	2,027	**2,003**
Changes in working capital		
Inventories	–13	–1
Receivables and other assets	–744	–862
Receivables/liabilities from financial services	–461	–288
Liabilities and other items	–140	188
Net cash from operating activities	**669**	**1,040**
Proceeds from disposal of noncurrent assets		
Divestitures	1,535	72
Other noncurrent assets	94	209
	1,629	**281**
Cash paid to acquire noncurrent assets		
Investments in companies	–426	–149
Other noncurrent assets	–639	–896
	–1,065	**–1,045**
Interest received	55	96
Current financial instruments	65	–196
Net cash used in (previous year: net cash from) investing activities	**684**	**–864**
Change in financial liabilities	–220	–9
Dividend paid to Deutsche Post AG shareholders	–490	–556
Dividend paid to other shareholders	0	–72
Interest paid	–219	–160
Net cash used in financing activities	**–929**	**–797**
Net change in cash and cash equivalents	424	–621
Effect of changes in exchange rates on cash and cash equivalents	5	–35
Change in cash and cash equivalents due to changes in consolidated group	0	–5
Cash and cash equivalents at January 1	3,355	4,845
Cash and cash equivalents at June 30	**3,784**	**4,184**

[1] Prior-period amounts restated, further details can be found under number 3 in the notes starting on page 27

Statement of Changes in Equity

For the period January 1 to June 30 in €m	Issued capital	Other reserves Capital reserves	 IAS 39 reserves	Retained earnings	Equity attributable to Deutsche Post AG share-holders	Minority Interest	Total equity
Balance at January 1, 2004 before restatement	1,113	377	–308	4,924	6,106	59	6,165
Balance at January 1, 2004 after restatement	**1,113**	**377**	**–7**	**4,481**	**5,964**	**59**	**6,023**
Capital transactions with owner							
Capital contribution from retained earnings							
Dividend				–490	–490		–490
Other changes in equity not recognized in income							
Currency translation differences				71	71		71
Other changes		14	–121	–6	–113	1,417	1,304
Changes in equity recognized in income							
Net profit for the period				721	721	31	752
Balance at June 30, 2004 after restatement	**1,113**	**391**	**–128**	**4,777**	**6,153**	**1,507**	**7,660**
Balance at January 1, 2005 before restatement	1,113	408	–343	6,039	7,217	1,611	8,828
Balance at January 1, 2005 after restatement[1]	**1,113**	**408**	**–84**	**5,751**	**7,188**	**1,596**	**8,784**
Capital transactions with owner							
Capital contribution from retained earnings							
Dividend				–556	–556		–556
Other changes in equity not recognized in income							
Currency translation differences				56	56		56
Other changes		24	162	10	196	–4	192
Changes in equity recognized in income							
Net profit for the period				939	939	103	1,042
Balance at June 30, 2005	**1,113**	**432**	**78**	**6,200**	**7,823**	**1,695**	**9,518**

[1] The retrospective restatement to reflect IAS 39 (rev. 2003) 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 June 30, 2005

1. Basis of accounting

The consolidated interim financial report of Deutsche Post AG as of June 30, 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	June 30, 2005
Number of fully consolidated companies (subsidiaries)		
German	120	105
Foreign	536	534
Number of proportionately consolidated joint ventures		
German	2	2
Foreign	6	8
Number of companies accounted for at equity (associates)		
German	5	4
Foreign	35	31

A gain on disposal amounting to €54 million was realized as a result of the sale of trans-o-flex, Weinheim, a company accounted for at equity. This is reported under net income from associates.

3. Restatement of prior-period amounts in the income statement

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			
thereof 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.

■ **IFRS 3 "Business Combinations" and other adjustments to the income statement**

Following the application of IFRS 3 "Business Combinations", goodwill has not been amortized for new acquisitions since April 1, 2004, and for earlier acquisitions recognized in subsequent periods since January 1, 2005. Goodwill previously amortized by the Group will only be written down if an impairment test in accordance with IAS 36 confirms that it is impaired. 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 €188 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, 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 companies (see also the disclosures on segment reporting).

The following table gives an overview of the items affected:

in €m	June 30, 2004	June 30, 2004 restated	Change
Revenue and income from banking transactions	21,045	21,066 [1]	+21
Other operating income	588	590 [1]	+2
Materials expense	–9,862	–10,480 [1, 2]	–618
Staff costs	–6,995	–6,954 [1]	+41
Depreciation, amortization and impairment losses	–669	–859 [1, 3]	–190
Other operating expenses	–2,425	–1,869 [1, 2]	+556

[1] Prior-period amounts restated due the retrospective full consolidation of a number of Asian companies in the EXPRESS Corporate Division as of January 1, 2004
[2] Prior-period amounts restated due to the reclassification of rental and lease expenses from other operating expenses to materials expense
[3] Prior-period amounts restated due to the reclassification of €188 million from goodwill amortization to depreciation, amortization and impairment losses

4. Shares and stock options

In June 2005, KfW Bankengruppe (KfW) placed further shares of Deutsche Post AG on the market. As a result, 55.3% of all Deutsche Post shares are now in free float.

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	SOP 2000		SOP 2003	
Number	Tranche 2001	Tranche 2002	Tranche 2003	Tranche 2004
Outstanding 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	27,577	183,516	441,924	227,628
SARs lapsed	8,942	26,784	88,980	400,146
Outstanding options at June 30, 2005	667,605 [1]	7,613,550	11,841,024	8,851,218
Outstanding SARs at June 30, 2005	28,901 [1]	283,392	588,768	688,460

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

SARs stands for stock appreciation rights. Deutsche Post AG did not hold any own shares as of June 30, 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 €14,692 million.

6. Other operating income and expenses

Other operating income is composed of the following items:

Other operating income in €m	June 30, 2004	June 30, 2005
Income from the reversal of provisions	43	479
Income from investment securities and insurance business (financial services)	125	100
Income from work performed and capitalized	9	98
Income from currency translation differences	30	91
Income from prior-period billings	21	71
Insurance income	44	55
Gains on disposal of noncurrent assets	30	49
Income from the derecognition of liabilities	43	48
Rental and lease income	47	44
Income from hedged receivables and liabilities	0	24
Income from fees and reimbursements	18	21
Income from loss compensation	11	9
Reversals of impairment losses on receivables and other assets	2	9
Income from housing management cost equalization	5	3
Income from Deutsche Postbank AG IPO	92	0
Miscellaneous	70	125
Total	**590**	**1,226**

The change in income from the reversal of provisions relates mainly to Deutsche Post AG. €255 million of this is accounted for by the reversal of a VAT provision from the first quarter, and a further €129 million from the second quarter of 2005. In addition, income from work performed and capitalized increased due to the capitalization of internally-developed software.

Other operating expenses are composed of the following items:

Other operating expenses in €m	June 30, 2004	June 30, 2005
Other business taxes	101	320
Public relations expenses	229	224
Legal, consulting and audit costs	195	201
Travel and training costs	219	191
Telecommunication costs	130	147
Allowance for losses on loans and advances (financial services)	82	103
Write-downs of current assets	52	97
Office supplies	130	94
Cost of purchased cleaning, transportation and security services	113	75
Addition to provisions	51	68
Insurance costs	129	63
Warranty and compensation expenses	56	61
Entertainment and corporate hospitality expenses	42	55
Services provided by Bundesanstalt für Post und Telekommunikation	32	37
Losses on disposal of assets	7	32
Contributions and fees	12	29
Property-related expenses	20	21
Voluntary social benefits	32	19
Donations	10	11
Monetary transaction costs	13	10
Commissions paid	18	8
Prior-period expenses	64	7
Expenses from Deutsche Postbank AG IPO	17	0
Miscellaneous	115	145
Total	**1,869**	**2,018**

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 from the first quarter of 2005.

7. Segment reporting

To improve the management and transparent presentation of cross-segment Group service functions such as IT services (ITS), aviation and hubs, these are no longer recognized in the corporate divisions, but in Other/Consolidation. The reclassification took retroactive effect as of January 1, 2004. The prior-period amounts were restated accordingly.

8. Miscellaneous

€20 million of the amount reported as current assets in accordance with IFRS 5 "Noncurrent Assets Held for Sale and Discontinued Operations" relates to the assets of the German company McPaper AG, Berlin, which is held for sale, while liabilities of €14 million relate to the companies' liabilities recognized under current liabilities associated with noncurrent assets held for sale. The sale will be effected in the first quarter of 2006.

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 June 30 in €m	Deutsche Post World Net restated H1 2004	Deutsche Post World Net H1 2005	Deutsche Post World Net restated Q2 2004	Deutsche Post World Net Q2 2005
Revenue	18,185	18,700	9,052	9,534
Other operating income	465	1,120	289	506
Total operating income	**18,650**	**19,820**	**9,341**	**10,040**
Materials expense	–8,330	–9,374	–4,275	–4,995
Staff costs	–6,680	–6,848	–3,345	–3,446
Depreciation, amortization and impairment losses[1]	–798	–580	–406	–298
Other operating expenses	–1,648	–1,723	–817	–703
Total operating expenses	**–17,456**	**–18,525**	**–8,843**	**–9,442**
Profit from operating activities (EBIT)	**1,194**	**1,295**	**498**	**598**
Net income from associates	5	55	5	55
Net income from measurement of Deutsche Postbank group at equity	167	145	69	74
Net other finance costs	–410	–395	–223	–154
Net finance costs	**–238**	**–195**	**–149**	**–25**
Profit from ordinary activities	**956**	**1,100**	**349**	**573**
Income tax expense	–220	–131	–73	–69
Net profit for the period before minority interest	**736**	**969**	**276**	**504**
Minority interest	–15	–30	–1	–20
Consolidated net profit for the period	**721**	**939**	**275**	**484**

[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 27

Balance Sheet (Postbank at Equity)

As of June 30, 2005 in €m	Deutsche Post World Net restated Dec. 31, 2004	Deutsche Post World Net June 30, 2005
ASSETS		
Noncurrent assets		
Intangible assets	6,677	7,089
Property, plant and equipment[1]	7,243	7,475
Noncurrent financial assets		
Investments in associates	82	57
Investments in Deutsche Postbank group	3,167	3,278
Other noncurrent financial assets	716	770
Investment property[1]	131	128
	4,096	**4,233**
Other noncurrent assets	235	331
Deferred tax assets	244	579
	18,495	**19,707**
Current assets		
Inventories	224	233
Noncurrent assets held for sale and discontinued operations	0	20
Current tax receivables	549	556
Receivables and other assets	5,339	6,094
Financial instruments	188	384
Cash and cash equivalents	4,781	4,183
	11,081	**11,470**
Total assets	**29,576**	**31,177**

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

Balance Sheet (Postbank at Equity)

As of June 30, 2005 in €m	Deutsche Post World Net restated Dec. 31, 2004	Deutsche Post World Net June 30, 2005
EQUITY AND LIABILITIES		
Equity		
Issued capital	1,113	1,113
Other reserves[1]	324	510
Retained earnings[1]	5,751	6,200
Equity attributable to Deutsche Post AG shareholders	**7,188**	**7,823**
Minority interest[1]	24	67
	7,212	**7,890**
Noncurrent provisions and liabilities		
Noncurrent provisions		
Provisions for pensions and other employee benefits	5,298	5,318
Deferred tax liabilities[1]	60	241
Other noncurrent provisions	2,836	3,133
	8,194	**8,692**
Noncurrent liabilities		
Noncurrent financial liabilities	4,552	5,079
Other noncurrent liabilities	260	258
	4,812	**5,337**
	13,006	**14,029**
Current provisions and liabilities		
Current provisions		
Current tax provisions	538	561
Other current provisions	1,716	1,510
	2,254	**2,071**
Current liabilities		
Current financial liabilities	737	444
Trade payables	3,176	2,406
Current tax liabilities	437	579
Current liabilities associated with noncurrent assets held for sale	0	14
Other current liabilities	2,754	3,744
	7,104	**7,187**
	9,358	**9,258**
Total equity and liabilities	**29,576**	**31,177**

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

Cash Flow Statement (Postbank at Equity)

For the period January 1 to June 30 in €m	Deutsche Post World Net restated Jan. 1 – June 30, 2004	Deutsche Post World Net Jan. 1 – June 30, 2005
Net profit before taxes[1]	**956**	**1,100**
Net financial income excluding net income from measurement at equity[1]	405	340
Depreciation/amortization of noncurrent assets	798	580
Gains on disposal of noncurrent assets	–19	–21
Non-cash income and expense[1]	31	100
Net income from measurement at equity	–167	–145
Change in provisions	–277	–254
Taxes paid	–11	–142
	1,716	**1,558**
Changes in working capital		
Inventories	–13	–1
Receivables and other assets	–638	–722
Liabilities and other items	144	77
Net cash from operating activities	**1,209**	**912**
Proceeds from disposal of noncurrent assets		
Divestitures	1,535	72
Other noncurrent assets	91	137
	1,626	**209**
Cash paid to acquire noncurrent assets		
Investments in companies	–427	–149
Other noncurrent assets	–608	–840
	–1,035	**–989**
Interest and dividends received	59	108
Postbank dividend	589	137
Current financial instruments	65	–196
Net cash used in (previous year: net cash from) investing activities	**1,304**	**–731**
Change in financial liabilities	–296	–11
Dividend paid to Deutsche Post AG shareholders	–490	–556
Dividend paid to other shareholders	0	–4
Interest paid	–219	–168
Net cash used in financing activities	**–1,005**	**–739**
Net change in cash and cash equivalents	1,508	–558
Effect of changes in exchange rates on cash and cash equivalents	5	–35
Changes in cash and cash equivalents due to changes in consolidated group	0	–5
Cash and cash equivalents at January 1	2,333	4,781
Cash and cash equivalents at June 30	**3,846**	**4,183**

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

Financial calendar	
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	
September 19–20, 2005	UBS 2005 Transport Conference (London)
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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Responsible for content:
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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