January to June 2007

Interim Report

- **Revenue increase in all segments**
- **Express business substantially more profitable**
- **Operating cash flow more than doubled**

Deutsche Post World Net

MAIL EXPRESS LOGISTICS FINANCE

Key figures

		H1			Q2		
		2006 restated	**2007**	+/– %	**2006** restated	**2007**	+/– %
The Group							
Revenue	€m	29,318	30,909	5.4	14,496	15,436	6.5
Profit from operating activities (EBIT)	€m	1,560	1,701	9.0	642	703	9.5
Return on sales[1]	%	5.3	5.5		4.4	4.6	
Consolidated net profit for the period[2]	€m	732	784	7.1	252	285	13.1
Operating cash flow (Postbank at equity)	€m	350	789	125.4	289	539	86.5
Net debt (Postbank at equity)[3]	€m	3,083	3,943	27.9	–	–	
Earnings per share	€	0.61	0.65	6.6	0.21	0.24	14.3
Number of employees[4]		461,222	466,499	1.1	–	–	
Divisions							
MAIL							
Revenue	€m	7,433	7,529	1.3	3,615	3,599	–0.4
Profit from operating activities (EBIT)	€m	1,013	949	–6.3	320	331	3.4
Return on sales[1]	%	13.6	12.6		8.9	9.2	
EXPRESS							
Revenue	€m	6,623	6,754	2.0	3,321	3,421	3.0
Profit from operating activities (EBIT)	€m	19	161	–	77	99	28.6
Return on sales[1]	%	0.3	2.4		2.3	2.9	
LOGISTICS							
Revenue	€m	11,716	12,506	6.7	5,856	6,289	7.4
Profit from operating activities (EBIT)	€m	323	414	28.2	166	200	20.5
Return on sales[1]	%	2.8	3.3		2.8	3.2	
FINANCIAL SERVICES							
Revenue	€m	4,588	5,085	10.8	2,226	2,601	16.8
Profit from operating activities (EBIT)	€m	462	493	6.7	242	251	3.7
SERVICES							
Revenue	€m	1,061	1,142	7.6	501	585	16.8
Loss from operating activities (EBIT)	€m	–257	–298	–16.0	–163	–164	–0.6
Consolidation							
Revenue	€m	–2,103	–2,107	–0.2	–1,023	–1,059	–3.5
Loss from operating activities (EBIT)	€m	0	–18	–	0	–14	–

1) EBIT/revenue.
2) Consolidated net profit for the period excluding minorities.
3) As of December 31, 2006 and June 30, 2007; adjusted for financial liabilities to Williams Lea minority shareholders.
4) Average (FTEs) as of December 31, 2006 and June 30, 2007.

Front cover
Deutsche Post World Net is building the central European air hub for its express and logistics subsidiary DHL at Leipzig/Halle airport. We started trial operations in early July 2007 as scheduled. Full operations will commence in 2008.

Deutsche Post World Net
is the global market leader for logistics. Our Deutsche Post, DHL and Postbank brands stand for a wide range of services for managing and transporting mail, goods and information. Around 520,000 employees in more than 220 countries and territories provide superior logistics services to help our customers be even more successful in their markets.

What we have delivered in the first half of 2007:
The Group closed the first half year with revenues up by 5.4% to €30,909 million and earnings up by 9.0% to €1,701 million. Revenue growth was achieved across all segments. Our express business is now growing far more profitably, integration in our LOGISTICS Division is progressing somewhat better than we expected and Postbank has further improved its earnings situation. Operating cash flow (with Postbank accounted for at equity) more than doubled, increasing by €439 million to €789 million.

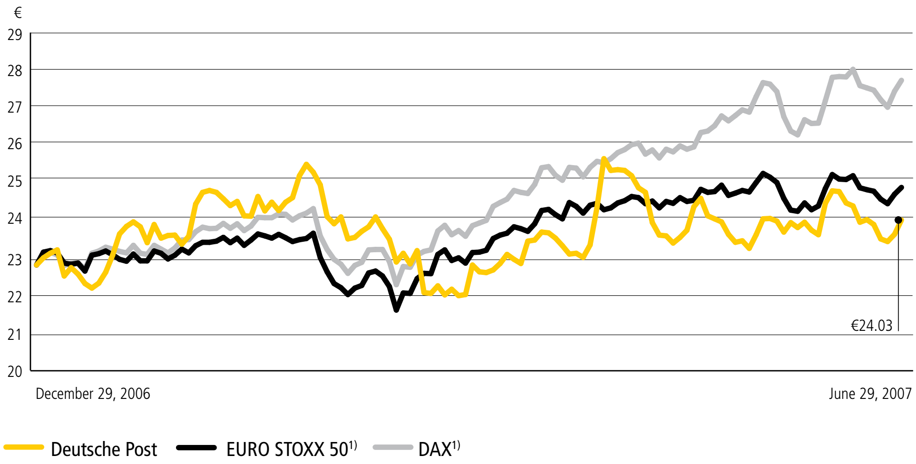
What we want to deliver by the end of 2007:
The Group expects that overall business performance in 2007 will be positive.
We continue to expect a slight increase in revenue and anticipate that profit from operating activities (EBIT) before non-recurring effects will be at least €3.6 billion.

Contents

i Cross-references and websites

Deutsche Post stock

Share price development



1) Rebased to the closing price of Deutsche Post stock on December 29, 2006.

Closing prices

		Dec. 29, 2006	June 29, 2007	+/–%
Deutsche Post	€	22.84	24.03	5.2
TNT	€	32.58	33.43	2.6
FedEx	US$	108.62	110.97	2.2
UPS	US$	74.98	73.00	–2.6

Uncertainty over mail market deregulation affects share price

The German stock market performed extremely well in the second quarter of 2007. The DAX rose to over 8,000 points and, with growth of 15.8% this year, is currently the most successful of the world's established market barometers. The main factor driving this growth was the fact that a large number of investors shared a positive assessment of the prospects for the German economy and the stock market as a whole. In the same period, the EURO STOXX 50 rose by 7.4% and the Dow Jones by 8.5%.

With price gains of 5.2% in the first half year and 6.0% in the second quarter, our stock left competitors trailing but clearly fell short of the DAX. In light of the ongoing uncertainty regarding a uniform deregulation process on the European mail market and the possible impact of the forthcoming deregulation in Germany, investors shied away from more substantial investments in Deutsche Post stock. Nonetheless, it rose to a new record high on April 27 in a positive market environment. The average daily trading volume increased again to 6.7 million shares in the second quarter.

Deutsche Post stock		Dec. 29, 2006	June 29, 2007
Number of shares[1]	millions	1,202.3	1,204.6
Closing price	€	22.84	24.03
Market capitalisation	€m	27,461	28,947
		H1	
		2006	2007
High	€	23.85	25.65
Low	€	19.93	22.03
Average trading volume per day	shares	5,320,580	6,728,114

1) Increase due to the exercise of stock options, see Note 4.

Milestones

In Q2 2007	
May 8, 2007	Annual General Meeting approves dividend; actions of the Board of Management and Supervisory Board approved by large majority.
May 29, 2007	DHL expands co-operation with India's Lemuir Group.
June 8, 2007	Deutsche Post World Net acquires a 49% equity stake in US airline ASTAR Air Cargo Holdings.
June 19, 2007	Deutsche Post to open 600 new retail outlets in Germany.
June 25, 2007	Deutsche Post World Net acquires a 49% equity stake in US airline Polar Air Cargo.

DHL consolidates market leadership in India

DHL and the Lemuir Group have set their sights on expanding their joint venture in India. A newly formed company will pool the business activities of the existing joint venture between DHL and Lemuir with Exel India. In addition, the company will take over the Lemuir Group's warehousing and customs clearance business. Deutsche Post World Net will hold 76% of shares in the new DHL Lemuir Logistics Private Ltd., while the remaining 24% will be held by Lemuir. This move serves to strengthen DHL's leading position in the Indian logistics market with its estimated volume of US$45 billion.

Deutsche Post opens 600 new retail outlets in Germany

Starting in the autumn, Deutsche Post will open around 600 outlets in the new Postpoint format in Germany, thus expanding its location network to more than 13,000. The Postpoints will serve the daily needs of private households and accept letter mail, parcels and small packages. In addition, prepaid envelopes, postcards and small packages (*Plusbrief*, *Pluskarte* and *Pluspäckchen*) as well as postage stamps for letters and parcels will be on sale. Postpoints will be operated in co-operation with retail partners, allowing our customers to take advantage of customary shop opening times.

Interim Report by the Board of Management

Environment

Global economy

The global economic upswing continued through the first half of 2007, with most regions showing robust to strong growth. The exception was the USA, where economic growth remained subdued.

After a weak start to the year, the US economy is assumed to have bottomed out in the first quarter. The second quarter already saw a moderate recovery. As the risk of accelerated inflation continues to loom, the Federal Reserve held its key rate steady at 5.25% despite the weak economy.

The Japanese economy is undergoing a broad-based recovery. Powerful stimulus once again came from the export industry, while business investment and private consumption further ramped up domestic demand. South-east Asia's emerging economies likewise held their growth trend, albeit with slightly reduced momentum. China stood apart in this regard and saw its economy deliver a further growth surge.

The euro zone economy also grew healthily in the first half of 2007. Businesses are unchanged in their positive outlook. Fearing increased inflationary pressure, the European Central Bank raised its key rate by half a percentage point to 4%.

In Germany, a value-added tax (VAT) hike slowed growth at the start of the year but the upswing held its vigour nonetheless. Stronger investment at home and healthy foreign demand drove up industrial production. The ifo business climate index remained at an exceptionally high level throughout.

Revenue and earnings development

Changes in reporting

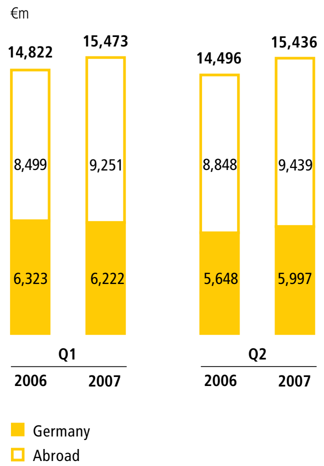
The following changes were made to our portfolio during the first half of 2007: on January 10, 2007, our Group subsidiary Williams Lea acquired 100% of the shares in UK company The Stationery Office. On June 8, 2007, we acquired 49% of the capital of US airline ASTAR Air Cargo Holdings LLC, which was fully consolidated. On June 25, 2007, we acquired a 49% interest in US company Polar Air Cargo Worldwide, Inc., which was included in the consolidated financial statements as an associate. In addition, we sold waste management company Vfw AG on March 2, 2007.

The following changes to the structure of the segments required us to restate prior-period amounts: the German parcel business was transferred from the EXPRESS Division to the MAIL Division effective as of the beginning of the year. The European overland transport business had already been transferred from the EXPRESS Division to the LOGISTICS Division in the previous year. Details can be found in the segment reporting.

Note 9

Consolidated revenue

Consolidated revenue



During the first six months of 2007, consolidated revenue and income from banking transactions rose by 5.4% to €30,909 million (previous year: €29,318 million). The increase is to a large extent due to the inclusion of the Williams Lea Group since April 1, 2006 and the co-operation with the National Health Service (NHS) in the UK launched on October 1, 2006. Currency effects reduced revenue by €486 million. Year-on-year, the proportion of revenue generated outside Germany increased from 59.2% to 60.5%.

Income and expenses

Other operating income declined by €175 million to €881 million. Among other things, the prior-year figure included non-recurring income of €89 million (net) resulting from the positive outcome of arbitration proceedings against Deutsche Telekom and €10 million from the sale of McPaper AG. This contrasts with income of €59 million from the sale of Vfw AG in the reporting period.

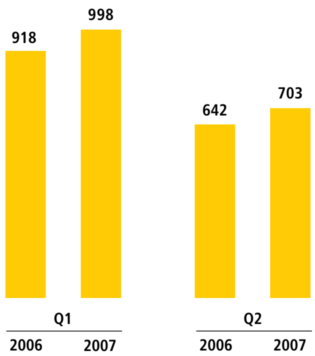
At €2,305 million, other operating expenses were slightly up on the prior-year figure (€2,281 million). Details of the individual items within other operating income and expenses can be found in the Notes.

Note 8

Materials expense and expenses from banking transactions rose by €1,098 million to €17,534 million. In addition to the initial inclusion of Williams Lea and the higher expenditure associated with the NHS contract, expenses from banking transactions were the main factor contributing to the increase in this item. They rose by €424 million to €3,089 million. At the same time, income from banking transactions increased by €510 million to €4,781 million. Staff costs were slightly higher, having risen by €141 million to €9,395 million, of which €114 million was attributable to the acquisition of Williams Lea and The Stationery Office. Depreciation, amortisation and impairment losses increased by €12 million to €855 million.

Consolidated EBIT

€m



Earnings

The developments described above resulted in a profit from operating activities (EBIT) of €1,701 million, including the afore-mentioned non-recurring income of €59 million. EBIT was 9.0% up on the prior-year figure (€1,560 million), which among other things included the non-recurring income of €99 million referred to above. On an adjusted basis, earnings rose by 12.4%.

At €498 million, net finance costs were roughly in line with the previous year (€497 million). The prior-year figure contained measurement effects and interest resulting from the exchangeable bond on Postbank stock. In the first half of 2007, the higher level of interest rates led to an increase in interest expenses.

The profit before income taxes improved by €140 million or 13.2% to €1,203 million (previous year: €1,063 million). Following a slight increase in the tax rate from 20.0% in the previous year to 20.2% at present, income tax expense therefore rose from €213 million to €243 million.

Consolidated net profit for the period improved by a pleasing 12.9% to €960 million (previous year: €850 million). Of this amount, €784 million is attributable to Deutsche Post AG shareholders and €176 million to minorities, which increased in 2006 due to the disposal of the Postbank shares. Basic and diluted earnings per share rose from €0.61 to €0.65.

Divisions

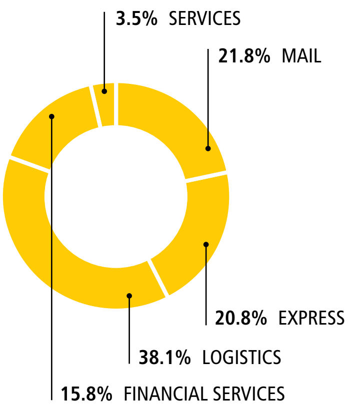
Revenue by segment

€m	H1 2006 restated	H1 2007	H1 +/–%	Q2 2006 restated	Q2 2007	Q2 +/–%
Consolidated revenue	**29,318**	**30,909**	**5.4**	**14,496**	**15,436**	**6.5**
MAIL revenue	**7,433**	**7,529**	**1.3**	**3,615**	**3,599**	**–0.4**
of which Mail Communication	3,164	3,012	–4.8	1,476	1,418	–3.9
Direct Marketing	1,403	1,403	0.0	646	659	2.0
Press Distribution	414	412	–0.5	209	202	–3.3
Parcel Germany	1,250	1,214	–2.9	603	586	–2.8
Global Mail/ Corporate Information Solutions[1]	1,316	1,594	21.1	732	785	7.2
Consolidation/other	–114	–106	7.0	–51	–51	0.0
EXPRESS revenue	**6,623**	**6,754**	**2.0**	**3,321**	**3,421**	**3.0**
of which Europe	3,146	3,188	1.3	1,581	1,600	1.2
Americas	2,177	2,100	–3.5	1,068	1,053	–1.4
Asia Pacific	1,175	1,238	5.4	606	647	6.8
EEMEA (Eastern Europe, Middle East and Africa)	397	508	28.0	206	265	28.6
Consolidation	–272	–280	–2.9	–140	–144	–2.9
LOGISTICS revenue	**11,716**	**12,506**	**6.7**	**5,856**	**6,289**	**7.4**
of which DHL Global Forwarding	4,457	4,468	0.2	2,230	2,274	2.0
DHL Exel Supply Chain	5,682	6,412	12.8	2,827	3,224	14.0
DHL Freight	1,841	1,822	–1.0	930	905	–2.7
Consolidation/other	–264	–196	25.8	–131	–114	13.0
FINANCIAL SERVICES revenue	**4,588**	**5,085**	**10.8**	**2,226**	**2,601**	**16.8**
SERVICES revenue	**1,061**	**1,142**	**7.6**	**501**	**585**	**16.8**
Consolidation revenue	**–2,103**	**–2,107**	**–0.2**	**–1,023**	**–1,059**	**–3.5**

1) Previously reported under Mail International/Value-added Services.

Revenue by division[1)]

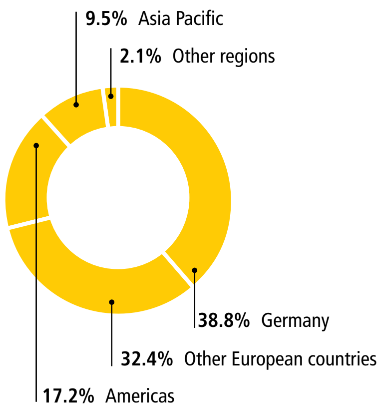
Q2 2007



1) Excluding consolidation.

Revenue by region[1)2)]

Q2 2007



1) Excluding consolidation.
2) Note 9.

MAIL Division

Since the start of 2007, we have reported on the Parcel Germany unit in the MAIL Division. The prior-year figures have been restated accordingly.

In the first half of 2007, revenue in the division rose by 1.3% to €7,529 million (previous year: €7,433 million). We succeeded in more than compensating for the anticipated decline in revenue in the Mail Germany segment through increases in international mail business. Currency effects were insignificant.

With conditions remaining unchanged, revenue in the Mail Communication business amounted to €3,012 million (previous year: €3,164 million) for a smaller decline in the second quarter than in the first three months. The increasing use of electronic communication is resulting in ongoing shrinkage of the market, while at the same time competition is becoming more intense. Volumes continued to decline during the reporting period; among other things, there was 0.7 of a working day less in the first quarter than in the previous year.

Mail Communication (Deutsche Post AG share)

	H1			Q2		
mail items (millions)	**2006**	**2007**	+/–%	**2006**	**2007**	+/–%
Business customer letters	3,548	3,432	–3.3	1,638	1,594	–2.7
Private customer letters	647	638	–1.4	309	305	–1.3
Total	**4,195**	**4,070**	**–3.0**	**1,947**	**1,899**	**–2.5**

In the regulated area, we kept our mail prices stable although the inflation rate relevant to the price-cap procedure was up. Furthermore, we lowered our rates for formal delivery orders and, with competitive products and services, succeeded in securing market share and gaining back lost customers. We were able to substantially reduce expenses thanks to strict cost management.

In the Direct Marketing business, the trend towards higher-quality services is continuing. In the second quarter, the volume of unaddressed advertising mail experienced a gratifying increase, which resulted in revenue growth of nearly 2% in the business unit.

Direct Marketing (Deutsche Post AG share)

	H1			Q2		
mail items (millions)	**2006**	**2007**	+/– %	**2006**	**2007**	+/– %
Addressed advertising mail	3,251	3,256	0.2	1,527	1,531	0.3
Unaddressed advertising mail	2,223	2,281	2.6	971	1,112	14.5
Total	**5,474**	**5,537**	**1.2**	**2,498**	**2,643**	**5.8**

The Press Distribution business remained stable: revenue totalled €412 million, which was at the previous year's level.

Our new addition as of the beginning of 2007, the Parcel Germany unit, reported revenue of €1,214 million (previous year: €1,250 million). In 2006, we substantially lowered prices for our customers. As a result, our market sales volumes adjusted for intra-Group sales have been rising again since the fourth quarter of 2006. In addition, we transferred our time-definite business with business customers to the EXPRESS Division.

Parcel Germany

	H1			Q2		
parcels (thousands)	**2006**	**2007**	+/– %	**2006**	**2007**	+/– %
Business customer parcels[1)]	304,143	307,916	1.2	148,015	146,440	–1.1
Private customer parcels	48,432	48,495	0.1	22,220	22,990	3.5
Total	**352,575**	**356,411**	**1.1**	**170,235**	**169,430**	**–0.5**

1) Including intra-Group sales.

Once again, our international business grew sharply: in the first six months, revenue in the Global Mail (formerly Mail International) and Corporate Information Solutions (Williams Lea) units rose to €1,594 million (previous year: €1,316 million), an increase of 21%. This was mainly due to the inclusion of Williams Lea as of April 1, 2006.

Profit from operating activities (EBIT) fell by 6.3%, from the previous year's figure of €1,013 million to €949 million. In addition to the missing workdays, this was a reflection of last year's price cuts in the Parcel Germany business. These effects arose in the first quarter and reduced earnings, whereas the second quarter brought welcome stability. Our return on sales amounted to 12.6% overall.

EXPRESS Division

The prior-year figures for the division were restated because we transferred our European overland transport business to the LOGISTICS Division effective July 1, 2006 and the German parcel business to the MAIL Division effective January 1, 2007.

The EXPRESS Division has significantly improved profitability in all regions compared to last year. Earnings in the first six months increased by €142 million and return on sales improved from 0.3% to 2.4%.

Revenue grew by 2.0% to €6,754 million (previous year: €6,623 million), reflecting shipment volume growth in both international and domestic activities. As over half of all revenue is generated in countries outside of Europe, currency effects decreased revenue substantially by around €223 million. Measured in local currencies, we attained organic revenue growth of 6.2%.

In Europe, we achieved gains in both revenue and shipment volumes. Revenue increased by 1.3% to €3,188 million (previous year: €3,146 million); however, organic growth for the region reached 3.9%.

In local currency, revenue in the Americas region rose by 3.6%, with the most notable growth achieved in our Latin American domestic business. In line with the slowing overall market shipment volumes remained weak in the United States. This was offset by growth in product yield. In the second quarter, our operating business here improved satisfactorily, particularly in terms of our Ground and International products. However, due to negative currency effects, revenue in the region fell by 3.5% overall to €2,100 million (previous year: €2,177 million).

In the Asia Pacific and EEMEA (Eastern Europe, the Middle East and Africa) regions, greater shipment volumes combined with weight increases more than offset negative currency effects and double digit revenue growth was attained.

Profit from operating activities (EBIT) in the EXPRESS Division climbed by €142 million to €161 million in the first half of the year. In the second quarter EBIT improved by €22 million. All the regions, including the Americas, contributed to this development.

LOGISTICS Division

In the LOGISTICS Division, the prior-year figures were restated because we transferred our European overland transport business from the EXPRESS Division to the LOGISTICS Division under the name DHL Freight as of July 1, 2006.

The LOGISTICS Division continued to make gains in the first half of 2007. Revenue grew 6.7% to €12,506 million (previous year: €11,716 million). This figure included negative currency effects of €239 million. In addition, non-organic effects, such as the sale of Vfw AG, reduced revenue by €54 million. Purely organically, revenue grew by 9.2%.

The DHL Global Forwarding business generated revenue of €4,468 million (previous year: €4,457 million). This figure was affected adversely by currency effects totalling €132 million; after adjustment for these effects, operating activities grew by 3.2% year-on-year. This development does not reflect the significantly higher growth in volume because our air freight activities also recorded lower freight rates and a drop in fuel surcharges.

The air freight volume transported rose by 9.0% in the first half of the year and by 11.5% in Q2. In contrast, the market only grew by 2.7%. Revenue decreased slightly; however, in view of lower freight rates on key trade lanes, costs fell even more. Our business performed well, above all in Europe, the Middle East and Africa.

DHL Global Forwarding: revenue by segment

	H1			Q2		
€m	**2006**	**2007**	+/–%	**2006**	**2007**	+/–%
Air freight	2,446	2,341	–4.3	1,259	1,181	–6.2
Ocean freight	1,247	1,400	12.3	641	715	11.5
Other	764	727	–4.8	330	378	14.5
Total	**4,457**	**4,468**	**0.2**	**2,230**	**2,274**	**2.0**

DHL Global Forwarding: volumes

		H1			Q2		
thousands		**2006**	**2007**	+/–%	**2006**	**2007**	+/–%
Air freight	Tonnage	1,899	2,069	9.0	957	1,067	11.5
Ocean freight	TEUs[1]	1,038	1,205	16.1	534	629	17.8

1) Twenty-foot equivalent units.

Ocean freight transported 16.1% more containers in the first half of the year than in the same period the previous year. In the second quarter, the increase was a healthy 17.8%. Here also, our revenue growth of 12.3% considerably outperformed the market, which grew by around 9%. The Middle East and African regions registered substantial revenue increases and our North American business also performed very well. Moreover, growth in industrial projects was particularly strong.

Revenue generated by DHL Exel Supply Chain was up, increasing by 12.8% to €6,412 million year-on-year. The single largest factor was the ten-year deal with the NHS in the UK as well as higher revenue in eastern and northern Europe as well as Asia.

In the first half of 2007, the DHL Freight business reported revenue of €1,822 million (previous year: €1,841 million). Adjusted for non-organic effects, our operations grew by 4.1%. Growth in most countries was satisfactory, above all in Germany, where we increased provision of services to the automotive sector.

Profit from operating activities (EBIT) was €414 million in the period under review (previous year: €323 million). The 28.2% increase was favourably influenced by the sale of the waste management company Vfw AG, which was completed as of March 2, 2007 and resulted in non-recurring income of €59 million. Allowing for integration costs that were higher than in the previous year and negative currency effects, our performance here is positive. Return on sales rose from 2.8% to 3.3%.

The integration of Exel and DHL is proceeding somewhat better than expected since the associated costs have been slightly lower than anticipated and more synergies are being achieved than planned. In the meantime, nearly all 930 integration projects have been initiated and over half of these have already been completed.

FINANCIAL SERVICES Division

The FINANCIAL SERVICES Division consists primarily of Deutsche Postbank and also includes the Deutsche Post Pension Service.

As one of the largest financial services providers in Germany, the Postbank Group serves 14.6 million customers, has around 22,000 staff and employs more than 4,000 mobile financial advisers. Postbank's core competence is its private customer business. Its Transaction Banking unit provides services to other banks. After acquiring 850 Deutsche Post retail outlets and a majority interest in BHW Holding AG, Postbank is now in the position to further boost its sales strength and build market share by extensively drawing on the broad network of Deutsche Post outlets, among other measures.

Deutsche Postbank AG presented its business performance for the first half of 2007 in its own interim report published on July 30, 2007.

http://ir.postbank.com

During the period under review, the FINANCIAL SERVICES Division generated revenue of €5,085 million, which exceeded the previous year's figure of €4,588 million by 10.8%. Compared to the previous year, Postbank was again able to increase income.

The division's profit from operating activities (EBIT) rose by 6.7% to €493 million from the prior-period figure of €462 million.

SERVICES Division

The SERVICES segment includes Global Business Services, central functions and Deutsche Post's retail outlets. This segment also includes the non-operating income and expenses of Deutsche Post AG. We report the services provided by internal service providers as internal revenue.

In the first six months of 2006, we reported on our hubs and global aviation network in the SERVICES Division. As part of the reorganisation of our global express network, these services were assigned to the EXPRESS Division as of July 1, 2006. The figures were restated accordingly.

In the first half of 2007, revenue in the division rose by 7.6% to €1,142 million (previous year: €1,061 million) and therefore reflects the increase in business volume.

At €298 million, the loss from operating activities (EBIT) increased by 16.0% against the prior-year figure (loss of €257 million). The deterioration is due to net non-recurring income of €99 million in the first quarter of 2006 from the positive outcome of arbitration proceedings against Deutsche Telekom (€89 million) and the disposal of Berlin-based McPaper AG (€10 million).

Global Business Services was able to improve its earnings. This result was due to reduced costs in shared services, especially IT services. In contrast, the earnings generated by retail outlets slightly underperformed the previous year.

Net assets and financial position

Consolidated balance sheet

As of June 30, 2007, total assets amounted to €223,657 million, an increase of €5,959 million or 2.7% compared with December 31, 2006. This was mainly due to the expansion of Postbank's insurance business. As Postbank intends to sell BHW Bank and the insurance companies, the relevant assets were reclassified. They are now included as groups of assets and liabilities held for sale.

Noncurrent assets increased by €198 million to €26,272 million. Of this amount, €45 million relates to intangible assets. The additions to intangible assets relate to goodwill acquired in connection with The Stationery Office and ASTAR Air Cargo. Property, plant and equipment fell by €246 million to €9,142 million, in part because we reclassified real estate as investment property.

Compared with December 31, 2006, noncurrent financial assets increased by 11.6% to €1,109 million, principally because of the acquisition of Polar Air Cargo. At €463 million, other noncurrent assets were €87 million higher than at December 31, 2006 (€376 million), largely due to the €65 million increase in pension plan assets.

As of the balance sheet date, current assets amounted to €197,385 million, an increase of 3.0% compared with the end of 2006 (€191,624 million). This was due primarily to an increase in cash and cash equivalents and the expansion of Postbank's insurance business. In light of Postbank's intention to sell this business, the relevant assets were reclassified from receivables and other securities from financial services to groups of assets held for sale. In addition, current assets increased as a result of the prepaid and deferred annual contribution to Bundes-Pensions-Service.

Equity declined from €13,952 million at December 31, 2006 to €13,670 million. Although consolidated net profit for the period (€784 million) served to strengthen equity, this was offset by the higher dividend payment for fiscal year 2006 (€903 million).

Current and noncurrent liabilities increased by 4.0%, from €189,513 million at the end of 2006 to €197,110 million as of the balance sheet date. This increase is attributable on the one hand to liabilities from financial services totalling €2,735 million and, on the other hand, to liabilities from Postbank's insurance business which is held for sale and reported under groups of liabilities held for sale. Group financial liabilities increased by €800 million to €11,288 million. €382 million of this increase related to Postbank's subordinated debt and €418 million to other financial liabilities. Trade payables were reduced by €122 million to €4,947 million as of the balance sheet date, while other current and noncurrent liabilities rose by €202 million to €4,603 million.

Current and noncurrent provisions declined by €1,356 million, mainly because the companies due to be sold by Postbank were reclassified.

Cash flow disclosures

Operating cash flow (Postbank at equity) increased by €439 million year-on-year to €789 million. This was due primarily to a lower net change in provisions, down from €–481 million to €–318 million, as well as to a higher profit from operating activities (EBIT). In addition, the net outflow of working capital fell by €249 million compared with the previous year.

Net cash used in investing activities (Postbank at equity) totalled €430 million compared with €532 million in the previous year. In addition to cash payments for noncurrent assets, the figure also included the net cash paid for the acquisition of The Stationery Office, ASTAR Air Cargo and Polar Air Cargo. Divestitures generated cash inflows of €355 million, from the disposal of Vfw AG and other noncurrent assets.

The changes in cash and cash equivalents described above resulted in free cash flow of €359 million (previous year: €–182 million), which is generally reduced in the first half of the year by the annual contribution to Bundes-Pensions-Service.

Net cash used in financing activities (Postbank at equity) climbed from €143 million to €914 million, primarily because the increase in financial liabilities was €556 million lower year-on-year. The increase in interest payments is attributable mainly to the change in the gross presentation of financial derivatives since the beginning of the year. Correspondingly, the interest payments received as part of the cash flow from investing activities also increased.

Due to the changes in the cash flows from the individual activities described above, cash and cash equivalents decreased by €534 million compared with January 1, 2007 to €1,227 million as of June 30, 2007.

Indicators for the “Postbank at equity” scenario

Due to the increase in financial liabilities and the lower holdings of cash and cash equivalents, net debt rose to €3,943 million as of June 30, 2007 (December 31, 2006: €3,083 million). Financial liabilities to Williams Lea minority shareholders were not included in net debt. Net gearing (Postbank at equity) rose from 21.4% to 26.2%. The equity ratio changed slightly from 31.6% to 30.4%.

Selected indicators for net assets (Postbank at equity)

		Dec. 31, 2006	June 30, 2007
Equity ratio	%	31.6	30.4
Net debt	€m	3,083	3,943
Net gearing	%	21.4	26.2

Investments

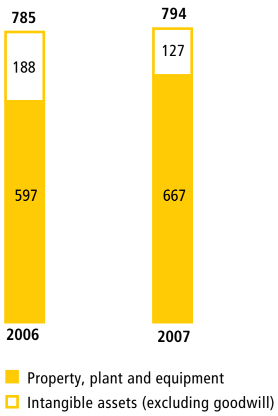
Group investments (capital expenditure) totalled €794 million in June 2007. €667 million of this related to investments in property, plant and equipment and €127 million to intangible assets (excluding goodwill). Overall, therefore, there was a slight year-on-year increase in Group investments of 1.1%.

During the first six months of 2007, there were no material changes in the investment projects presented in the 2006 Annual Report starting on page 75.

http://investors.dpwn.com

In the MAIL Division, we invested primarily in specific hardware and software for network operations and for the production and distribution of mail. The domestic mail and parcel business accounted for the majority of the investments.

Investments
as of June 30, 2007
€m



In the EXPRESS Division, funds were invested primarily in the construction of the new European air hub at Leipzig/Halle airport. In addition, we renewed our vehicle fleet and expanded the network infrastructure in certain eastern European countries. In the United States, we improved our network and modernised the IT infrastructure. In the Asia Pacific region, we further expanded our express hubs at key strategic airports with a view to cementing our leading market position there. In the EEMEA region, we invested mainly in expanding our infrastructure in Russia. In the EXPRESS Division, we also invested significant amounts in the replacement and modernisation of our international aircraft fleet.

In the LOGISTICS Division, we continued to focus our investment activities on the DHL Exel Supply Chain business, primarily on customer-specific transport and warehouse solutions. We also invested in replacements for ground transport operations in the DHL Exel Supply Chain and DHL Freight businesses.

During the first six months of the year, Postbank expanded its modern multi-channel architecture and the IT systems that support consulting and sales processes. Both are intended to support its sales activities.

In terms of company-wide investments, we renewed our vehicle fleet in Germany, improved the IT infrastructure in the data centres operating worldwide, purchased software licences and modernised our retail outlet network.

Financial management

The principles and aims of financial management presented in the 2006 Annual Report starting on page 58 remain in force and are being pursued unchanged. The proportion of debt denominated in euros rose to 53% and the proportion denominated in US dollars to 32%. The other financial data outlined in the 2006 Annual Report are still valid. In June 2007, the Group's rating was reviewed by rating agencies Standard & Poor's, Moody's Investors Service and Fitch IBCA, and marginally downgraded by two of the agencies. Even after the latest analyses, our creditworthiness is still highly rated.

http://investors.dpwn.com

Organisation

At the end of the second quarter of 2007, we placed two units belonging to the MAIL Division – Global Mail (previously Mail International) and Corporate Information Solutions (previously Value-added Services) – under a new umbrella unit called Mail International, for which the Global Business Services Board Department will be responsible. This department has been renamed Global Business Services, Mail International as a result.

In addition, Corporate Regulation Management has been transferred from the Chairman's Board Department to Global Business Services, Mail International.

In the third quarter, we also plan to reassign HR operations to Global Business Services, Mail International. With this move, we will have finally combined most of the in-house services in Germany under the Global Business Services, Mail International Board Department.

Employees

The number of employees (on average, full time equivalents) increased from 461,222 to 466,499 in the period under review. The reasons behind this were the acquisitions of Williams Lea in 2006 and of The Stationery Office in January 2007. In addition, organic growth within the LOGISTICS Division resulted in a higher headcount.

Risks

Opportunity and risk management is an integral part of all Group decisions and business processes. In light of our diverse business activities, opportunities and risks are systematically identified, assessed, controlled and monitored on a Group-wide basis. Through close integration with the Group management and controlling processes, the opportunity and risk control process helps secure our long-term corporate success.

i http://investors.dpwn.com

i http://ir.postbank.com

The risks which could have a material effect on our net assets, financial position and results of operations are described in the i 2006 Annual Report starting on page 65. With regard to the risks of Postbank, we refer to the i 2006 Annual Report of Deutsche Postbank AG and its interim report as of June 30, 2007. These are, however, not necessarily the only risks to which the Group is exposed. Risks of which we are currently unaware or which we do not yet consider to be material could also affect our business activities.

On October 18, 2006, the European Commission submitted a proposal for the complete deregulation of EU postal markets starting in January 2009 and thus confirmed the deadline already stated in the current Postal Directive. The Council and the Parliament of the EU have begun consultations on the proposed directive using the co-decision procedure. In departure from the EU Commission proposal, the European Parliament in a first reading on July 11, 2007 advocated a full opening of the market in Europe from January 1, 2011. A number of member states would be allowed a transitional period of up to January 1, 2013. The European legislative procedure continues.

Discussions also continue regarding the extent to which postal services should be exempt from VAT. In correspondence dated April 10, 2006, the European Commission initiated infringement proceedings against the Federal Republic of Germany with regard to the VAT exemption of postal universal services provided by Deutsche Post AG. Germany considers the current VAT exemption to be in compliance with applicable law and responded to the European Commission accordingly. On July 24, 2007, the EU Commission announced its decision in the infringement proceedings, saying that the VAT exemption for the postal universal services provided by Deutsche Post AG goes too far. The Commission called upon Germany to amend the relevant national legislation. In a move not linked to the infringement proceedings, the German federal government had announced that it will review the VAT exemption of Deutsche Post AG against the backdrop of the expiration of the exclusive licence on December 31, 2007. By way of an initial response to the infringement proceedings, a German finance ministry spokesman stated that the German government considers the current VAT exemption in Germany to be compatible with European law.

Just as Deutsche Post AG, the regulatory authority, too, is of the opinion that the prices it has approved are net prices not including VAT. If VAT were to be applied, it could therefore be added to the approved prices. However, it cannot be ruled out that the application of VAT would lead to a decrease in revenue and earnings.

Macroeconomic risks

Our business activities are affected by trade relations between individual countries and by countries' macroeconomic situations. Negative economic trends in regions important to the Group can pose risks for our activities. We do not currently perceive any material macroeconomic risks facing the Group.

Overall assessment of the Group's risk position

No further material risks have arisen for the Group in the first six months of 2007 compared with the opportunities and risks set out in detail in the 2006 Annual Report. There are currently no identifiable risks which, individually or collectively, cast doubt on the company's ability to continue as a going concern.

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.

Further developments and outlook

Postbank with new line-up in insurance business

Deutsche Postbank AG and Talanx AG signed an agreement on July 18, 2007 for Talanx to purchase BHW Lebensversicherungs AG, BHW Pensionkasse AG and other Postbank insurance investments. The purchase price for the companies comes to €550 million. Subject to regulatory approval, Postbank and Talanx expect to close the transaction this autumn. At the same time, Postbank and Talanx entered into long-term distribution agreements in life and accident insurance. Postbank can now focus on segments promising economies of scale.

Future conditions

The world economy is still on a marked upturn. Adverse factors such as the recent weakness in the US economy and high oil prices have not yet had any lasting negative impact on global economic activity. The International Monetary Fund has announced that it will be raising its growth forecast for 2007 even beyond the approximate 5% currently projected.

At 2.2%, American GDP growth is likely to be moderate for US standards, although the economy is showing signs of picking up for the second half year. Business investment and private consumption are rising. The labour market likewise looks healthy.

At 2.5%, Japan's GDP growth is likely to be slightly up on the prior year. Foreign trade continues to grow. Business investment and private consumption are on a solid upward trend. There is no change to the positive economic outlook for China. The growth trend there will probably continue at a very high level in the second half of the year.

The euro zone economy may have passed its cyclical peak but growth ought to remain solid through the second half of the year. At 2.7%, GDP growth for the year as a whole is likely to be as strong as in the previous year.

In Germany, business investment will remain a key driver of economic activity. Although the impetus from exports will lessen, private consumption is expected to overcome the weak patch triggered by the VAT increase at the start of the year. GDP growth, at 2.5%, is likely to almost match its previous year's level.

Expectations of business developments unchanged

In the current year, Deutsche Post World Net is optimistic that business performance will be positive overall. We expect revenue to grow slightly. Profit from operating activities (EBIT) before non-recurring effects is anticipated to amount to at least €3.6 billion. This is an increase of at least 3% over the comparable figure in the previous year, when non-recurring effects including exercise of the exchangeable bond on Postbank stock and the related sale of shares in Deutsche Postbank had a positive effect on profits.

In the MAIL Division, revenue is expected to be stable or to increase slightly. We anticipate being able to more than offset revenue losses in the mail business in Germany with the revenue generated by the other business units. EBIT should remain stable at €2 billion.

In 2007, we expect the EXPRESS Division's EBIT to amount to at least €400 million. This figure includes expenses for construction of the new air hub at Leipzig/Halle airport.

In the LOGISTICS Division, we anticipate a high single-digit percentage increase in revenue for 2007. EBIT growth should be around 15%, not including the non-recurring income of €59 million from the disposal of Vfw AG.

In the FINANCIAL SERVICES Division, income will rise thanks, among other factors, to the continual growth in contributions by BHW. The Group expects EBIT to increase by at least 5%.

Opportunities

For a comprehensive outlook on the Group's economic opportunities, please consult the i 2006 Annual Report from page 80. No other significant opportunities were identified in the period under review.

i http://investors.dpwn.com

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.

Consolidated Interim Financial Statements

Income statement

January 1 to June 30	H1		Q2	
€m	2006 restated[1]	2007	2006 restated[1]	2007
Revenue and income from banking transactions	29,318	30,909	14,496	15,436
Other operating income	1,056	881	470	410
Total operating income	**30,374**	**31,790**	**14,966**	**15,846**
Materials expense and expenses from banking transactions	–16,436	–17,534	–8,243	–8,841
Staff costs	–9,254	–9,395	–4,636	–4,715
Depreciation, amortisation and impairment losses	–843	–855	–439	–435
Other operating expenses	–2,281	–2,305	–1,006	–1,152
Total operating expenses	**–28,814**	**–30,089**	**–14,324**	**–15,143**
Profit from operating activities (EBIT)	**1,560**	**1,701**	**642**	**703**
Net income from associates	3	0	2	0
Other financial income	184	351	109	154
Other finance costs	–684	–849	–360	–390
Net other finance costs	–500	–498	–251	–236
Net finance costs	**–497**	**–498**	**–249**	**–236**
Profit before income taxes	**1,063**	**1,203**	**393**	**467**
Income tax expense	–213	–243	–79	–96
Consolidated net profit for the period	**850**	**960**	**314**	**371**
attributable to				
Deutsche Post AG shareholders	732	784	252	285
Minorities	118	176	62	86
	€	€	€	€
Basic earnings per share	**0.61**	**0.65**	**0.21**	**0.24**
Diluted earnings per share	**0.61**	**0.65**	**0.21**	**0.24**

1) See Note 3.

Balance sheet

as of June 30, 2007

€m	Dec. 31, 2006 restated	June 30, 2007
ASSETS		
Intangible assets	14,652	14,697
Property, plant and equipment	9,388	9,142
Investment property	122	204
Investments in associates	63	170
Other noncurrent financial assets	931	939
Noncurrent financial assets	**994**	**1,109**
Other noncurrent assets	376	463
Deferred tax assets	542	657
Noncurrent assets	**26,074**	**26,272**
Inventories	268	251
Current tax receivables	670	975
Receivables and other assets	8,917	9,523
Receivables and other securities from financial services	179,280	179,359
Financial instruments	42	81
Cash and cash equivalents	2,391	3,195
Groups of assets held for sale	56	4,001
Current assets	**191,624**	**197,385**
Total assets	**217,698**	**223,657**
EQUITY AND LIABILITIES		
Issued capital	1,202	1,205
Other reserves	1,528	1,406
Retained earnings	8,490	8,388
Equity attributable to Deutsche Post AG shareholders	**11,220**	**10,999**
Minority interest	2,732	2,671
Equity	**13,952**	**13,670**
Provisions for pensions and other employee benefits	6,134	6,177
Deferred tax liabilities	1,426	1,477
Other noncurrent provisions	4,780	3,288
Noncurrent provisions	**12,340**	**10,942**
Noncurrent financial liabilities[1]	8,543	9,027
Other noncurrent liabilities[1]	237	310
Noncurrent liabilities	**8,780**	**9,337**
Noncurrent provisions and liabilities	**21,120**	**20,279**
Current tax provisions	460	559
Other current provisions	1,433	1,376
Current provisions	**1,893**	**1,935**
Current financial liabilities	1,945	2,261
Trade payables	5,069	4,947
Liabilities from financial services	168,663	171,398
Current tax liabilities	875	1,028
Other current liabilities	4,164	4,293
Groups of liabilities held for sale	17	3,846
Current liabilities	**180,733**	**187,773**
Current provisions and liabilities	**182,626**	**189,708**
Total equity and liabilities	**217,698**	**223,657**

1) Prior-period amounts restated, see Note 3.

Cash flow statement

January 1 to June 30

€m	H1 2006 restated	H1 2007	Q2 2006 restated	Q2 2007
Net profit before taxes[1]	**1,063**	**1,203**	**393**	**467**
Net finance costs[1]	497	498	249	236
Profit from operating activities (EBIT)	**1,560**	**1,701**	**642**	**703**
Depreciation/amortisation of noncurrent assets[1]	843	855	439	435
Net income from disposal of noncurrent assets[1]	–54	–94	–26	–18
Non-cash income and expense[1]	207	237	103	119
Change in provisions	–253	–154	95	–110
Taxes paid	–133	–180	–101	–65
Net cash from operating activities before changes in working capital	**2,170**	**2,365**	**1,152**	**1,064**
Changes in working capital				
Inventories	–20	21	–35	4
Receivables and other assets	–507	–865	–224	–298
Receivables/liabilities from financial services	1,026	417	–641	–284
Liabilities and other items[1]	–195	–49	551	264
Net cash from operating activities	**2,474**	**1,889**	**803**	**750**
Proceeds from disposal of noncurrent assets				
Divestitures	236	52	0	2
Other noncurrent assets	209	305	102	187
	445	**357**	**102**	**189**
Cash paid to acquire noncurrent assets				
Investments in companies	–2,055	–306	35	–152
Other noncurrent assets	–800	–830	–432	–435
	–2,855	**–1,136**	**–397**	**–587**
Interest received	50	201	7	103
Current financial instruments	–5	1	165	11
Net cash used in investing activities	**–2,365**	**–577**	**–123**	**–284**
Change in financial liabilities[1]	925	791	455	951
Dividend paid to Deutsche Post AG shareholders	–836	–903	–836	–903
Dividend paid to other shareholders	–93	–108	–93	–106
Issuance of shares under stock option plan	20	30	4	9
Interest paid[1]	–174	–317	–79	–125
Net cash used in financing activities	**–158**	**–507**	**–549**	**–174**
Net change in cash and cash equivalents	–49	805	131	292
Effect of changes in exchange rates on cash and cash equivalents	29	–3	18	2
Changes in cash and cash equivalents associated with groups of assets held for sale	0	–22	0	–22
Changes in cash and cash equivalents due to changes in consolidated group	0	24	0	0
Cash and cash equivalents at beginning of reporting period	2,084	2,391	1,915	2,923
Cash and cash equivalents at end of reporting period	**2,064**	**3,195**	**2,064**	**3,195**

1) Prior-period amounts restated, see Note 3.

Statement of changes in equity

January 1 to June 30

		Other reserves						
€m	Issued capital	Capital reserves	IAS 39 reserves	Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
Balance at January 1, 2006[1]	**1,193**	**1,893**	**169**	**–41**	**7,410**	**10,624**	**1,791**	**12,415**
Capital transactions with owner								
Capital contribution from retained earnings						0		0
Dividend					–836	–836	–93	–929
Stock option plans (exercise)	1	19				20		20
Stock option plans (issuance)		15				15		15
						–801	**–93**	**–894**
Other changes in equity not recognised in income								
Currency translation differences				–349		–349	–12	–361
Other changes			–368		–2	–370	–150	–520
						–719	–162	–881
Changes in equity recognised in income								
Consolidated net profit for the period					732	732	118	850
Total changes in equity recognised in income and not recognised in income						**13**	**–44**	**–31**
Balance at June 30, 2006 after adjustment	**1,194**	**1,927**	**–199**	**–390**	**7,304**	**9,836**	**1,654**	**11,490**
Balance at January 1, 2007	**1,202**	**2,037**	**–58**	**–451**	**8,490**	**11,220**	**2,732**	**13,952**
Capital transactions with owner								
Capital contribution from retained earnings						0		0
Dividend					–903	–903	–139	–1,042
Stock option plans (exercise)	3	27				30		30
Stock option plans (issuance)		7				7		7
						–866	**–139**	**–1,005**
Other changes in equity not recognised in income								
Currency translation differences				–63		–63	–3	–66
Other changes			–93		17	–76	–95	–171
						–139	–98	–237
Changes in equity recognised in income								
Consolidated net profit for the period					784	784	176	960
Total changes in equity recognised in income and not recognised in income						**645**	**78**	**723**
Balance at June 30, 2007	**1,205**	**2,071**	**–151**	**–514**	**8,388**	**10,999**	**2,671**	**13,670**

1) Some of the fair values of securitised liabilities were miscalculated in the 2001 consolidated financial statements upon initial application of IAS 39. In accordance with IAS 8.42, these liabilities were adjusted in the amount of €125 million at the expense of retained earnings with retroactive effect from January 1, 2005. The minority interest in this amount is €42 million, which resulted in a decrease of €83 million in retained earnings at Group level and correspondingly of €42 million in the minority interest.

Notes to the consolidated interim financial statements

1 Basis of accounting

The accompanying consolidated interim financial statements as of June 30, 2007 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRSs to be presented in interim financial statements.

Preparation of the consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained during the first six months of 2007 are not necessarily an indication of the further development of the course of business.

The accounting policies applied to the consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for fiscal year 2006. For further information on the accounting policies applied, please refer to the consolidated financial statements for the period ended December 31, 2006 on which these interim financial statements are based.

The extended disclosure requirements of IFRS 7 Financial Instruments: Disclosures, which is effective for fiscal years beginning on or after January 1, 2007, will be presented in full in the consolidated financial statements for the year ending December 31, 2007.

The income tax expense for the reporting period was deferred on the basis of the tax rate expected to apply to the full fiscal year.

2 Consolidated group

In addition to Deutsche Post AG as the Group parent, the consolidated group generally includes all German and foreign entities in which Deutsche Post AG directly or indirectly holds a majority of voting rights, or whose activities it is otherwise able to control.

Consolidated group	Dec. 31, 2006	June 30, 2007
Number of fully consolidated companies (subsidiaries)		
German	133	141
Foreign	920	934
Number of proportionately consolidated joint ventures		
German	2	2
Foreign	6	6
Number of companies accounted for at equity (associates)		
German	4	3
Foreign	32	23

In March 2007, Deutsche Post World Net sold all shares in Vfw AG, Cologne. This resulted in a deconsolidation gain of €59 million, which is reported in other operating income.

On June 8, 2007, Deutsche Post World Net acquired 49% of the shares and 24.9% of the voting rights of US airline ASTAR Air Cargo Holdings LLC (Astar). In accordance with SIC 12, the company was fully consolidated. Owing to past business arrangements, Astar aircraft have since January 1, 2006 been included in the consolidated financial statements as finance leases in accordance with IFRIC 4 in conjunction with IAS 17. The initial consolidation of Astar does not therefore result in any significant effects on property, plant and equipment. Purchase price allocation is scheduled to be completed and presented in the third quarter of 2007.

The following tables show the purchase price allocation for The Stationery Office (TSO), London, which was acquired on January 10, 2007. TSO provides print and document management services primarily for UK government agencies and public-sector organisations.

Measurement of goodwill

€m	Jan. 10, 2007
Cost of the investment	22
Transaction costs	1
Total cost	23
Less net assets acquired at fair value	116
Goodwill	**139**

Net assets acquired

€m	Carrying amount	Adjustments	Fair value
Intangible assets	0	83	83
Property, plant and equipment	3	0	3
Noncurrent financial assets	0	0	0
Current assets and cash and cash equivalents	22	0	22
Noncurrent liabilities and provisions	–158	–4	–162
Current liabilities and provisions	–34	–3	–37
Deferred taxes, net	0	–25	–25
Net assets acquired	–167	51	–116

As part of the acquisition, Deutsche Post World Net repaid financial liabilities in the amount €135 million.

Adjustments to assets and liabilities

€m	Jan. 10, 2007
Brand name	11
Customer list	72
Pension obligations	–4
Other provisions	–3
Deferred taxes, net	–25
	51

On June 25, 2007, Deutsche Post World Net acquired a 49% interest in US company Polar Air Cargo Worldwide, Inc. (Polar Air Cargo), a leading provider of global air freight services. Polar Air Cargo is included in the consolidated financial statements as an associate. The purchase price totalled €112 million, €56 million of which was paid on completion of the transaction. The remainder will be paid in two instalments, on January 15, 2008 and November 17, 2008 at the latest.

3 Restatement of prior-period amounts

The carrying amounts in the consolidated balance sheet as of December 31, 2006 changed as a result of the reclassification of the subordinated debt of the Deutsche Postbank Group from other liabilities to other financial liabilities.

Restated consolidated balance sheet

as of December 31

€m	2006	Adjustments	2006 restated	Notes
Noncurrent financial liabilities	3,495	5,048	8,543	Reclassification of subordinated debt
Other noncurrent liabilities	5,285	–5,048	237	Reclassification of subordinated debt

Amounts in the income statement for the period ended June 30, 2006 changed due to the retrospective application of IFRIC 4 and the initial recognition of unwinding under IAS 39 by the Deutsche Postbank Group in the 2006 consolidated financial statements.

Restated income statement

January 1 to June 30

€m	2006	Adjustments	2006 restated	Notes
Revenue and income from banking transactions	29,303	15	29,318	Deutsche Postbank Group: 15
Materials expense	–16,464	28	–16,436	IFRIC 4: 28
Depreciation, amortisation and impairment losses	–819	–24	–843	IFRIC 4: –24
Other operating expenses	–2,264	–17	–2,281	Deutsche Postbank Group: –17
Profit from operating activities (EBIT)	1,558	2	1,560	IFRIC 4: 4 Deutsche Postbank Group: –2
Net finance costs	–490	–7	–497	IFRIC 4: –7
Profit before income taxes	1,068	–5	1,063	IFRIC 4: –3 Deutsche Postbank Group: –2
Consolidated net profit for the period	855	–5	850	IFRIC 4: –3 Deutsche Postbank Group: –2
of which attributable to Deutsche Post AG shareholders	736	–4	732	IFRIC 4: –3 Deutsche Postbank Group: –1
of which attributable to minorities	119	–1	118	Deutsche Postbank Group: –1

4 Share-based remuneration

The number of stock options and stock appreciation rights (SARs) under the 2000 and 2003 Stock Option Plans (SOPs) changed as follows:

Stock options

	SOP 2000	SOP 2003		
Number	**Tranche 2002**	**Tranche 2003**	**Tranche 2004**	**Tranche 2005**
Outstanding options at January 1, 2007	537,474	3,959,426	7,921,776	9,404,718
Outstanding SARs at January 1, 2007	120,060	217,798	595,190	760,026
Options lapsed	44,810	18,996	2,804,916	318,492
SARs lapsed	0	0	209,246	21,894
Options exercised	492,664	1,820,317	0	0
SARs exercised	120,060	37,080	0	0
Outstanding options at June 30, 2007	0	2,120,113	5,116,860	9,086,226
Outstanding SARs at June 30, 2007	0	180,718	385,944	738,132

Provisions for the 2006 SAR Plan increased by €8 million to €28 million in the first half of 2007.

The issued capital increased from €1,202 million to €1,205 million in the first half of 2007 following the servicing of the stock options from the 2002 and 2003 tranches. It is now composed of 1,204,632,841 no-par value registered shares.

5 Earnings per share

Basic earnings per share for the first half of 2007 were €0.65.

Basic earnings per share

	H1	
	2006	**2007**
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	732[1)]	784
Weighted-average number of shares outstanding	1,193,774,655	1,203,995,035
Basic earnings per share (€)	0.61[1)]	0.65

1) Prior-period amount restated, see Note 3.

Diluted earnings per share for the period from January 1 to June 30, 2007 were €0.65. There were 16,323,199 stock options for executives at the reporting date, 3,807,417 of which were dilutive.

Diluted earnings per share	H1 2006	H1 2007
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	732[1]	784
Weighted-average number of shares outstanding	1,193,774,655	1,203,995,035
Potentially dilutive shares	6,644,215	3,807,417
Weighted-average number of shares for diluted earnings	1,200,418,870	1,207,802,452
Diluted earnings per share (€)	0.61	0.65

1) Prior-period amount restated, see Note 3.

6 Related party disclosures

There have been no material changes in related party disclosures as against December 31, 2006; see Note 56 in the 2006 Annual Report.

http://investors.dpwn.com

7 Contingent liabilities

The Group's contingent liabilities have not changed significantly compared with December 31, 2006. In addition, the Deutsche Postbank Group had irrevocable loan commitments amounting to €24,021 million.

8 Other operating income and expenses

Other operating income

€m	H1 2006	H1 2007
Income from investment securities and insurance business (financial services)	141	110
Income from currency translation differences	116	88
Insurance income	97	86
Gains on disposal of noncurrent assets	64	61
Gain on deconsolidation and disposal of Vfw AG	0	59
Income from work performed and capitalised	89	43
Rental and lease income	44	43
Income from prior-period billings	41	36
Income from fees and reimbursements	30	34
Income from the reversal of provisions	53	32
Reversals of impairment losses on receivables and other assets	26	30
Income from the derecognition of liabilities	33	29
Income from loss compensation	11	15
Recoveries on receivables previously written off	3	10
Commission income	23	9
Subsidies	8	7
Income from non-hedging derivatives	20	2
Change in inventories	8	1
Income from arbitration proceedings against Deutsche Telekom AG	99	0
Income from the sale of McPaper	10	0
Miscellaneous	140	186
	1,056	**881**

Miscellaneous other operating income includes a number of smaller individual items.

Other operating expenses

	H1	
€m	2006	2007
Public relations expenses	271	270
Travel and training costs	222	250
Legal, consulting and audit costs	213	219
Warranty expenses, refunds and compensation payments	135	183
Allowance for losses on loans and advances (financial services)	172	176
Other business taxes	140	176
Telecommunication costs	148	164
Cost of purchased cleaning, transportation and security services	104	151
Office supplies	102	127
Write-downs of current assets	127	115
Expenses from currency translation differences	116	91
Entertainment and corporate hospitality expenses	68	85
Insurance costs	61	73
Voluntary social benefits	48	64
Services provided by the Federal Posts and Telecommunications Agency	44	38
Commissions paid	31	28
Losses on disposal of assets	29	21
Prior-period other operating expenses	17	20
Donations	11	16
Monetary transaction costs	11	16
Addition to provisions	125	4
Expenses from non-hedging derivatives	13	1
Miscellaneous	73	17
	2,281	**2,305**

Miscellaneous other operating expenses include a number of smaller individual items.

9 Segment reporting

Prior-period amounts for the first quarter were restated due to the transfer of the German parcel business from the EXPRESS Division to the MAIL Division as of January 1, 2007 and the transfer of DHL Freight from the EXPRESS Division to the LOGISTICS Division and of the hubs and aviation services from the SERVICES segment to the EXPRESS Division as of July 1, 2006. In addition, some companies were transferred in the course of portfolio optimisation measures. In the FINANCIAL SERVICES Division, a restatement as of December 31, 2006 (see statement of changes in equity) also resulted in the restatement of prior-period amounts for the first quarter.

Segments by division

January 1 to June 30	MAIL[1]		EXPRESS[1]		LOGISTICS[1]		FINANCIAL SERVICES[1]		SERVICES[1]		CONSOLIDATION[1]		GROUP[1]	
€m	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
External revenue	7,268	7,351	6,385	6,526	11,349	12,205	4,304	4,815	12	12	0	0	29,318	30,909
Internal revenue	165	178	238	228	367	301	284	270	1,049	1,130	–2,103	–2,107	0	0
Total revenue	7,433	7,529	6,623	6,754	11,716	12,506	4,588	5,085	1,061	1,142	–2,103	–2,107	29,318	30,909
Profit or loss from operating activities (EBIT)	1,013	949	19	161	323	414	462	493	–257	–298	0	–18	1,560	1,701
Net income from associates	0	0	2	0	1	0	0	0	0	0	0	0	3	0
Segment assets[2]	5,646	5,872	9,607	9,792	14,540	14,549	182,325	186,227	2,259	1,680	–1,554	–799	212,823	217,321
Investments in associates[2]	22	22	35	141	5	6	0	0	1	1	0	0	63	170
Segment liabilities including non-interest-bearing provisions[2]	2,526	2,273	2,782	2,832	5,346	5,004	169,502	175,913	1,218	1,156	–1,412	–716	179,962	186,462
Segment investments	864	350	332	506	299	260	1,538	47	153	127	–37	–78	3,149	1,212
Depreciation, amortisation and write-downs	207	206	189	215	205	199	78	79	164	156	0	0	843	855
Other non-cash expenses	59	56	101	32	79	92	260	269	49	65	0	0	548	514
Employees[3]	149,338	150,529	106,028	106,156	158,030	162,215	23,285	23,404	24,541	24,195	0	0	461,222	466,499

Segments by region

January 1 to June 30	Germany[1]		Europe excluding Germany		Americas		Asia Pacific		Other regions		Group[1]	
€m	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
External revenue	11,971	12,219	8,693	9,935	5,405	5,385	2,786	2,788	463	582	29,318	30,909
Segment assets[2]	167,589	170,618	29,923	29,639	11,053	12,237	3,865	4,368	393	459	212,823	217,321
Segment investments	1,815	275	883	515	348	254	88	135	15	33	3,149	1,212

Segments by division

Q2	MAIL[1]		EXPRESS[1]		LOGISTICS[1]		FINANCIAL SERVICES[1]		SERVICES[1]		CONSOLIDATION[1]		GROUP[1]	
€m	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
External revenue	3,533	3,511	3,195	3,305	5,675	6,147	2,085	2,465	8	8	0	0	14,496	15,436
Internal revenue	82	88	126	116	181	142	141	136	493	577	–1,023	–1,059	0	0
Total revenue	3,615	3,599	3,321	3,421	5,856	6,289	2,226	2,601	501	585	–1,023	–1,059	14,496	15,436
Profit or loss from operating activities (EBIT)	320	331	77	99	166	200	242	251	–163	–164	0	–14	642	703
Net income from associates	0	0	2	0	0	0	0	0	0	0	0	0	2	0
Segment investments	821	57	201	299	164	128	85	21	71	44	–33	–3	1,309	546
Depreciation, amortisation and write-downs	109	109	95	107	111	103	40	38	84	78	0	0	439	435
Other non-cash expenses	21	31	29	23	40	33	124	136	31	43	0	0	245	266

Segments by region

Q2	Germany[1]		Europe excluding Germany		Americas		Asia Pacific		Other regions		Group[1]	
€m	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
External revenue	5,648	5,997	4,505	4,994	2,721	2,661	1,402	1,464	220	320	14,496	15,436
Segment investments	211	159	772	109	261	165	55	104	10	9	1,309	546

1) Prior-period amounts restated, see Note 3.
2) As of the balance sheet dates December 31, 2006 and June 30, 2007.
3) Average (FTEs) as of December 31, 2006 and June 30, 2007.

10 Groups of assets/liabilities held for sale

€3,974 million and €3,846 million of the amounts of €4,001 million and €3,846 million reported as groups of assets held for sale and groups of liabilities held for sale, respectively, relate primarily to the planned sale of BHW Lebensversicherung AG, Hamelin, BHW Bank AG, Hamelin, PB Lebensversicherung AG, Hilden, and PB Versicherung AG, Hilden, as well as to the special funds of BHW Lebensversicherung AG. In accordance with IFRS 5, these assets and liabilities are classified as groups of assets and liabilities held for sale and presented separately.

11 Events after the balance sheet date/other disclosures

In June, the German Financial Reporting Enforcement Panel (FREP) informed us that it believed the conversion right relating to Deutsche Postbank AG shares was accounted for incorrectly at December 31, 2005 (see Note 4 on page 111 of the 2006 Annual Report). We have contested the result of this review and the enforcement process will therefore move into the second stage, which is the responsibility of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – Federal Financial Supervisory Authority).

The tax effects resulting from the 2008 corporate tax reform will not be reflected until the third quarter of 2007, as the *Bundesrat*, the upper house of the German parliament, approved the reform after the balance sheet date on July 6, 2007. The corporate tax reform will reduce the effective rate of income tax in Germany from 39.9% to 29.8%. In the third quarter, there will be a one-time tax benefit of approximately €200 million, as the amount of deferred tax liabilities reported is considerably higher than the amount of deferred tax assets reported.

12 Consolidated interim financial statements including the Deutsche Postbank Group at equity

The activities of the Deutsche Postbank Group differ substantially from the ordinary activities of the other companies in Deutsche Post World Net. To enable a clearer presentation of the net assets, financial position and results of operations of the Group, the Deutsche Postbank Group was excluded from full consolidation in the accompanying consolidated interim financial statements for the period ended June 30, 2007. The Deutsche Postbank Group is accounted for in these financial statements only as a financial investment carried at equity.

The accounting treatment differs from the standards required by the IFRSs to the extent that the Deutsche Postbank Group was not fully consolidated, as required by IAS 27, but was accounted for at equity.

Income statement (Postbank at equity)

January 1 to June 30	H1		Q2	
€m	2006 restated[1]	2007	2006 restated[1]	2007
Revenue	25,214	26,287	12,509	13,066
Other operating income	947	816	403	395
Total operating income	**26,161**	**27,103**	**12,912**	**13,461**
Materials expense	–13,922	–14,570	–7,056	–7,333
Staff costs	–8,594	–8,727	–4,312	–4,391
Depreciation, amortisation and impairment losses	–766	–777	–399	–398
Other operating expenses	–1,768	–1,815	–736	–883
Total operating expenses	**–25,050**	**–25,889**	**–12,503**	**–13,005**
Profit from operating activities (EBIT)	**1,111**	**1,214**	**409**	**456**
Net income from associates	3	0	2	0
Net income from measurement of Deutsche Postbank Group at equity	183	148	94	76
Other financial income	179	348	109	151
Other finance costs	–654	–815	–344	–374
Net other finance costs	–475	–467	–235	–223
Net finance costs	**–289**	**–319**	**–139**	**–147**
Profit before income taxes	**822**	**895**	**270**	**309**
Income tax expense	–62	–83	–1	–14
Consolidated net profit for the period	**760**	**812**	**269**	**295**
attributable to				
Deutsche Post AG shareholders	732	784	252	285
Minorities	28	28	17	10

1) Prior-period amounts restated in accordance with the consolidated financial statements.

Balance sheet (Postbank at equity)

as of June 30, 2007

€m	Dec. 31, 2006 restated	June 30, 2007
ASSETS		
Intangible assets	13,138	13,284
Property, plant and equipment	8,446	8,227
Investment property	50	132
Investments in associates	63	170
Investments in Deutsche Postbank Group	1,611	1,567
Other noncurrent financial assets	829	834
Noncurrent financial assets	**2,503**	**2,571**
Other noncurrent assets	376	463
Deferred tax assets	298	387
Noncurrent assets	**24,811**	**25,064**
Inventories	268	251
Current tax receivables	576	883
Receivables and other assets	8,427	9,018
Financial instruments	42	81
Cash and cash equivalents	1,761	1,227
Groups of assets held for sale	56	27
Current assets	**11,130**	**11,487**
Total assets	**35,941**	**36,551**
EQUITY AND LIABILITIES		
Issued capital	1,202	1,205
Other reserves	1,528	1,406
Retained earnings	8,490	8,388
Equity attributable to Deutsche Post AG shareholders	**11,220**	**10,999**
Minority interest	128	111
Equity	**11,348**	**11,110**
Provisions for pensions and other employee benefits	5,019	5,043
Deferred tax liabilities	452	474
Other noncurrent provisions	2,243	2,324
Noncurrent provisions	**7,714**	**7,841**
Noncurrent financial liabilities	3,495	3,598
Other noncurrent liabilities	242	315
Noncurrent liabilities	**3,737**	**3,913**
Noncurrent provisions and liabilities	**11,451**	**11,754**
Current tax provisions	376	479
Other current provisions	1,395	1,330
Current provisions	**1,771**	**1,809**
Current financial liabilities	1,948	2,205
Trade payables	4,930	4,796
Current tax liabilities	751	1,007
Other current liabilities	3,725	3,870
Groups of liabilities held for sale	17	0
Current liabilities	**11,371**	**11,878**
Current provisions and liabilities	**13,142**	**13,687**
Total equity and liabilities	**35,941**	**36,551**

Cash flow statement (Postbank at equity)

January 1 to June 30	H1		Q2	
€m	2006 restated	2007	2006 restated	2007
Net profit before taxes[1]	**822**	**895**	**270**	**309**
Net finance costs excluding net income from measurement at equity[1]	472	467	233	223
Net income from measurement at equity[1]	–183	–148	–94	–76
Profit from operating activities (EBIT)	**1,111**	**1,214**	**409**	**456**
Depreciation/amortisation of noncurrent assets[1]	766	777	399	398
Net income from disposal of noncurrent assets[1]	–56	–94	–30	–18
Non-cash income and expense[1]	52	61	26	33
Change in provisions	–481	–318	–187	–197
Taxes paid	–83	–141	–64	–59
Net cash from operating activities before changes in working capital	**1,309**	**1,499**	**553**	**613**
Changes in working capital				
Inventories	–23	21	–35	4
Receivables and other assets	–444	–760	–48	–262
Liabilities and other items[1]	–492	29	–181	184
Net cash from operating activities	**350**	**789**	**289**	**539**
Proceeds from disposal of noncurrent assets				
Divestitures	236	50	0	0
Other noncurrent assets	194	305	99	187
	430	**355**	**99**	**187**
Cash paid to acquire noncurrent assets				
Investments in companies	–401	–295	–4	–146
Other noncurrent assets	–738	–791	–399	–414
	–1,139	**–1,086**	**–403**	**–560**
Interest received	44	198	3	100
Postbank dividend	137	103	137	103
Current financial instruments	–4	0	166	55
Net cash used in/from investing activities	**–532**	**–430**	**2**	**–115**
Change in financial liabilities[1]	852	296	512	527
Dividend paid to Deutsche Post AG shareholders	–836	–903	–836	–903
Dividend paid to other shareholders	0	–6	0	–4
Issuance of shares under stock option plan	20	30	4	9
Interest paid[1]	–179	–331	–81	–134
Net cash used in financing activities	**–143**	**–914**	**–401**	**–505**
Net change in cash and cash equivalents	–325	–555	–110	–81
Effect of changes in exchange rates on cash and cash equivalents	29	–3	18	2
Changes in cash and cash equivalents due to changes in consolidated group	0	24	0	0
Cash and cash equivalents at beginning of reporting period	1,384	1,761	1,180	1,306
Cash and cash equivalents at end of reporting period	**1,088**	**1,227**	**1,088**	**1,227**

1) Prior-period amounts restated in accordance with the consolidated financial statements.

13 Responsibility statement

To the best of our knowledge, the interim consolidated financial statements as of June 30, 2007 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

The Board of Management
July 24, 2007

Dr Klaus Zumwinkel	John Murray Allan
Dr Frank Appel	Prof. Dr Edgar Ernst
Jürgen Gerdes	Dr Wolfgang Klein
John P. Mullen	Walter Scheurle

Review report

To Deutsche Post AG

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Post AG, Bonn, for the period from January 1 to June 30, 2007 which are part of the half-year financial report pursuant to § (Article) 37w WpHG (*Wertpapierhandelsgesetz*: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, July 24, 2007

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Brebeck)	(Ruske)
German Public Auditor	German Public Auditor

Events and contacts

Financial calendar	
November 8, 2007	Interim report on the first nine months of 2007, analysts' conference
March 6, 2008	Annual Report 2007, financials press conference and analysts' conference
May 6, 2008	Annual General Meeting
May 7, 2008	Dividend payment
May 14, 2008	Interim report on the first quarter of 2008, analysts' conference call
August 1, 2008	Interim report on the first half of 2008, financials press conference and analysts' conference call
November 11, 2008	Interim report on the first nine months of 2008, analysts' conference call

Further events, updates and information on live Internet broadcasts at http://investors.dpwn.com.

Investor events	
September 7 – 9, 2007	IAM - International Investors Fair (Düsseldorf)
September 18, 2007	UBS Transport Conference (London)
September 26, 2007	HVB German Corporate Conference (Munich)
November 14 – 15, 2007	WestLB Deutschland Conference (Frankfurt)

Contacts

Investor Relations

Institutional investors
Fax: +49 (0)228 182-63299
E-mail: ir@deutschepost.de

Private investors
Tel.: +49 (0)180 5 710101
E-mail:
retailinvestors@deutschepost.de

Press Office

Fax: +49 (0)228 182-9880
E-mail:
pressestelle@deutschepost.de

Ordering a copy of the interim report

External
Tel.: +49 (0)180 5 710101
E-mail:
retailinvestors@deutschepost.de
Online: http://investors.dpwn.com

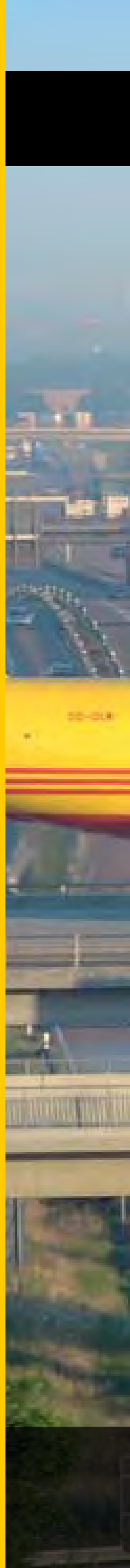
Internal
Order module GeT
Mat. no. 675-601-546

English translation by
Deutsche Post Foreign Language Service et al.

Published

August 3, 2007
in German and English

Printed on 100% recycled paper.



Deutsche Post AG
Headquarters
Investor Relations
53250 Bonn
Germany
www.dpwn.com

Deutsche Post World Net
MAIL EXPRESS LOGISTICS FINANCE