January to June 2008

Interim Report

Deutsche Post World Net
MAIL EXPRESS LOGISTICS FINANCE

Published on 31 July 2008

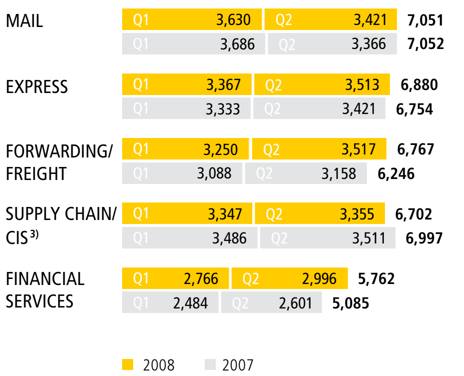
Key figures

		H1			Q2		
		2007 restated	**2008**	+/– %	**2007** restated	**2008**	+/– %
Group							
Revenue	€m	30,909	31,959	3.4	15,436	16,211	5.0
Profit from operating activities (EBIT)	€m	1,701	1,523	–10.5	703	672	–4.4
Return on sales[1]	%	5.5	4.8		4.6	4.1	
Consolidated net profit for the period[2]	€m	784	661	–15.7	285	254	–10.9
Operating cash flow (Postbank at equity)	€m	789	623	–21.0	539	482	–10.6
Net debt (Postbank at equity)[3]	€m	2,858	3,931	37.5	—	—	—
Earnings per share	€	0.65	0.55	–15.4	0.24	0.21	–12.5
Number of employees[4]		470,123	477,394	1.5	—	—	—
Divisions							
MAIL							
Revenue	€m	7,052	7,051	0.0	3,366	3,421	1.6
Profit from operating activities (EBIT)	€m	958	910	–5.0	315	321	1.9
Return on sales[1]	%	13.6	12.9		9.4	9.4	
EXPRESS							
Revenue	€m	6,754	6,880	1.9	3,421	3,513	2.7
Profit from operating activities (EBIT)	€m	96	52	–45.8	65	31	–52.3
Return on sales[1]	%	1.4	0.8		1.9	0.9	
FORWARDING/FREIGHT[5]							
Revenue	€m	6,246	6,767	8.3	3,158	3,517	11.4
Profit from operating activities (EBIT)	€m	151	194	28.5	80	109	36.3
Return on sales[1]	%	2.4	2.9		2.5	3.1	
SUPPLY CHAIN/CIS[5]							
Revenue	€m	6,997	6,702	–4.2	3,511	3,355	–4.4
Profit from operating activities (EBIT)	€m	274	224	–18.2	127	126	–0.8
Return on sales[1]	%	3.9	3.3		3.6	3.8	
FINANCIAL SERVICES							
Revenue	€m	5,085	5,762	13.3	2,601	2,996	15.2
Profit from operating activities (EBIT)	€m	493	375	–23.9	250	185	–26.0
Corporate Center/Other							
Revenue	€m	–1,225	–1,203	1.8	–621	–591	4.8
Loss from operating activities (EBIT)	€m	–271	–232	14.4	–134	–100	25.4

1) EBIT/revenue.
2) Excluding minorities.
3) As at 31 December 2007 and 30 June 2008; adjusted for financial liabilities to Williams Lea minority shareholders.
4) Average FTEs.
5) The LOGISTICS Division was split into the new GLOBAL FORWARDING/FREIGHT and SUPPLY CHAIN/CORPORATE INFORMATION SOLUTIONS divisions. The prior-year figures were restated accordingly.

Revenue by division[1, 2]

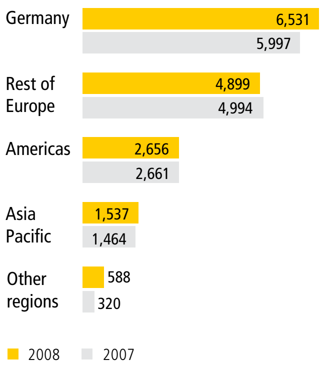
€m



1) Excluding Corporate Center/Other.
2) Note 9.
3) CORPORATE INFORMATION SOLUTIONS.

Revenue by region Q2[1]

€m



1) Segment reporting, page 27.

Deutsche Post World Net

is the global market leader for logistics. Our Deutsche Post, DHL and Postbank brands stand for a wide range of integrated services and customised solutions for the management and transport of letters, goods, information and payments. With approximately 500,000 employees in more than 220 countries and territories, we are one of the world's largest employers.

What we have delivered in the first half of 2008:

Although the economy remained fragile in the United States with the economic weakness spreading to Europe, we reported satisfactory performance with revenue of €31,959 million and EBIT before non-recurring effects of €1,887 million. The Board of Management and the Supervisory Board have initiated the steps necessary to improve results by adopting a comprehensive programme to realign the US express business.

What we intend to deliver by the end of 2008:

Based on the half-year result and assuming that the global economy will not significantly worsen, we are maintaining our full-year guidance and expecting EBIT before non-recurring effects of around €4.1 billion. We also plan to continue implementing the Roadmap to Value, our route to sustained value growth.

The Group

Interim Report by the Board of Management

Condensed Consolidated Interim Financial Statements

Further Information

i Cross-references and websites

Dear shareholders,

Ever since I took office as Chairman of the Board of Management last February, I have been emphasising the fact that the express business in the USA is at the very top of my list of priorities.

In May, we were able to present you with a pragmatic, comprehensive solution with which we intend to improve our US express business. A core element of this plan is to achieve substantial cost reductions through a proposed agreement with United Parcel Service in the area of air transport. The restructuring measures already undertaken are proceeding according to plan. The negotiations with UPS are making progress and are likely to be concluded in the near future as planned.

The restructuring is a key component of our Roadmap to Value capital markets programme. As stated in our promise to you, this programme will allow us to tackle problem areas related to our financial performance and boost our earnings power. For instance, we have already surpassed our target of generating at least €1 billion from real estate disposals by 2009.

All in all, we are satisfied with our business performance. Despite certain indications that growth in the air freight sector and the express market slowed in the second quarter, our EBIT before non-recurring effects grew substantially, increasing approximately 12% in the first half and climbing to approximately 19% in the second quarter. We are thus right on track for achieving our profit target for the year of €4.1 billion before non-recurring effects.

I would like to mention in particular our domestic mail business, which has succeeded in maintaining revenue at last year's high level in a market that is now fully liberalised. In the area of logistics, we split responsibility for the freight forwarding business and contract logistics to reflect their different business models.

We are in the process of exploring the possibilities for the strategic development of Postbank. Open ended talks are being held with various potential partners, the primary goal being to find a good solution for the two companies, their shareholders, employees and customers.

As you see: we have set about dealing with our key strategic topics and are steadily resolving all issues.

Bonn, 30 July 2008

Yours faithfully,
Dr Frank Appel
Chairman of the Board of Management

Milestones in the second quarter

Deutsche Post World Net sells real estate portfolio

1 April 2008 The Group sells a portfolio of approximately 1,300 properties located mainly in Germany to US investor Lone Star for €1 billion in cash. The contract takes economic effect on 1 July 2008. The majority of the properties will be leased back.

Deutsche Post and Verdi reach wage agreement

30 April 2008 During their collective-bargaining negotiations, Deutsche Post and the service trade union Verdi agree on an extended job security pact, a pay increase for workers covered by the collective-bargaining agreement and additional weekly working hours for about 130,000 company employees. The collective agreement will run until 30 June 2010.

Annual General Meeting approves dividend

6 May 2008 The Annual General Meeting agrees to the proposal by the Board of Management and Supervisory Board and resolves to distribute a dividend for financial year 2007 of €0.90 per share. The total dividend amounted to €1,087 million. The dividend was disbursed on 7 May 2008.

DHL opens European air freight hub in Leipzig/Halle

26 May 2008 DHL launches operations of the European air freight hub at Leipzig/Halle airport with an opening celebration. The Group invested around €300 million in the facility where approximately 1,500 tonnes of freight are transhipped each working day.

Deutsche Post World Net restructures US express business

28 May 2008 The Supervisory Board and the Management Board of Deutsche Post World Net approve a plan to comprehensively restructure the US express business. Key measures include reducing costs in the ground infrastructure and finding an agreement with UPS on air transport.

Exploratory process on Postbank becomes increasingly concrete

25 June 2008 Deutsche Post World Net enters a more acute phase in the exploratory process on the future of its subsidiary Postbank. In light of this, the Supervisory Board of Deutsche Post AG accepts the request of Postbank Chief Executive Officer Dr Wolfgang Klein to step down temporarily from the Management Board of Deutsche Post with immediate effect.

After 30 June 2008

European court awards Deutsche Post a repayment of €1 billion

1 July 2008 The European Court of First Instance annuls a 2002 decision by the European Commission, which had ordered Deutsche Post to repay €907 million in purported state aid and interest. Deutsche Post will now receive a repayment of around €1 billion.

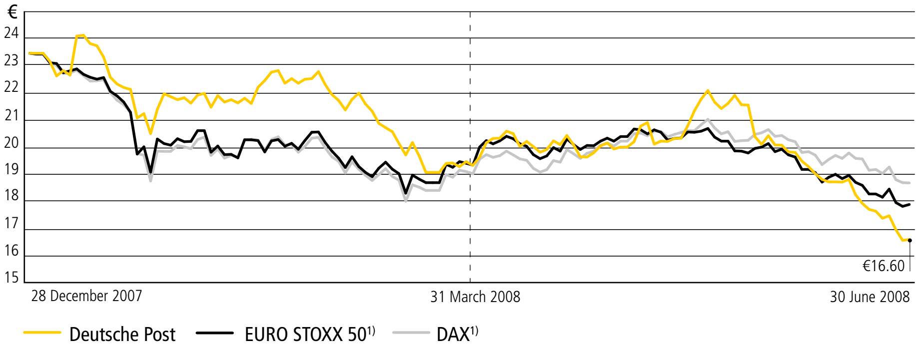
Advances

ROADMAP TO VALUE

1	**Profitability**	• Operating improvement initiatives on track.
2	**Cash generation**	• Real estate disposals amount to €1.35 billion (versus €1 billion target). • Working capital improvements on track.
3	**Payout**	• Dividend of €0.90 per share for 2007 proposed, approved, and paid on 7 May 2008.
4	**Transparency**	• New reporting structure for logistics business reflects management responsibility and different business models.
5	**Organic growth**	• Strong growth of DHL in developing regions. • Encouraging growth rates in business with customers served by Global Customer Solutions.

Shares

Share price performance



1) Rebased to the closing price of Deutsche Post shares on 28 December 2007.

Our share data

		28 Dec. 2007	30 June 2008
Number of shares[1)]	millions	1,207.5	1,208.7
Closing price	€	23.51	16.60
Market capitalisation	€m	28,388	20,064
		H1 2007	**H1 2008**
High	€	25.65	24.18
Low	€	22.03	16.57
Average trading volume per day	shares	6,728,114	7,441,260

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

Economic worries and oil price unsettle investors

The performance of the stock markets in the second quarter of 2008 was heavily influenced by concerns over the economic outlook. The high oil price and fears that the economic slowdown in the United States will spill over into Asia and particularly Europe have stirred stock market activity. Although the DAX moved laterally in the second quarter, it has lost one fifth of its value since the start of the year. The EURO STOXX 50 fared much the same, recording a 7.6% decline in the second quarter and closing the first half of 2008 down 23.9%.

Peer group comparison

		28 Dec. 2007	30 June 2008	+/– %	29 June 2007	30 June 2008	+/– %
Deutsche Post	EUR	23.51	16.60	–29.4	24.03	16.60	–30.9
TNT	EUR	28.18	21.72	–22.9	33.43	21.72	–35.0
FedEx	US$	90.62	78.79	–13.1	110.97	78.79	–29.0
UPS	US$	71.56	61.47	–14.1	73.00	61.47	–15.8
Kühne + Nagel	CHF	108.50	97.05	–10.6	112.80	97.05	–14.0

Deutsche Post shares adversely affected

In the second quarter it initially appeared our shares would be able to offset their poor performance at the end of the first quarter. After announcing our plan to restructure the US express business on 28 May 2008, however, the share price continued to fall – a development that was accelerated by profit warnings from our competitors. Our shares closed on 30 June 2008 at €16.60, a decrease of 29.4%. The average daily trading value in the first half-year increased slightly compared with the previous year to 7.4 million shares.

Interim Report by the Board of Management

Business and Environment

Economic environment

The world economy continued to expand in the first half of 2008, although growth rates varied considerably from region to region. Whilst the upturn in the emerging economies of Asia remained strong, the US economy continued to show marked weakness.

In the United States, the housing market crisis, weak financial markets and high oil prices have put the brakes on growth, with GDP barely surpassing stagnation levels. The weak economy and continuing risk to the financial system caused the US Federal Reserve to cut its key interest rate four times by a total of 2.25 percentage points to 2%.

In Asia, the upsurge continued more or less undiminished, with growth even accelerating in Japan. In China, economic momentum slowed somewhat compared with the previous year. However, GDP growth remained quite high at 10.4%.

In the euro zone, the weakening economic trend was increasingly evident in the second quarter. Nevertheless, the European Central Bank raised its key rate by 0.25 percentage points to 4.25% at the start of the second half of the year in an attempt to counter inflation.

After a good first quarter, signs of economic fatigue also began to appear in Germany. New orders and industrial production let up and company sentiment softened.

Organisational changes

After having split responsibility for the logistics business between two board departments in the first quarter, the new structure was implemented into our segment reporting. The LOGISTICS Division was dissolved and replaced by the new GLOBAL FORWARDING/FREIGHT (hereinafter FORWARDING/FREIGHT) and SUPPLY CHAIN/CORPORATE INFORMATION SOLUTIONS (hereinafter SUPPLY CHAIN/CIS) divisions.

Revenue and Earnings Development

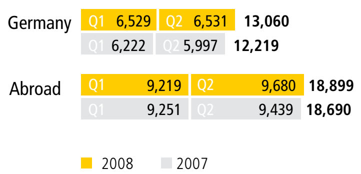
Material changes in reporting and portfolio

With effect from the first quarter of 2008, we unbundled the SERVICES Division and adapted our reporting structure. The costs of Global Business Services have been allocated to the operating units and the retail outlets have been the responsibility of the MAIL Division since the beginning of the year. We now report a more narrowly defined unit, Corporate Center/Other. In addition, we have split up the LOGISTICS Division. The DHL Global Forwarding and DHL Freight business units have been combined in the new FORWARDING/FREIGHT Division with a view to pooling our transport service capabilities. As the DHL Exel Supply Chain and Corporate Information Solutions business units both offer customised logistics solutions, we have removed the latter from the MAIL Division and now report these two business units as a separate SUPPLY CHAIN/CIS Division. Details can be found in the notes on the segment reporting.

Note 9

Flying Cargo International Transportation Ltd., the Israeli company acquired on 31 December 2007, is included for the first time in the results for the reporting period. In April 2008, we acquired the remaining 50% of the shares in the joint venture Exel-Sinotrans Freight Forwarding Co., Ltd. The company was renamed DHL Logistics (China) Co., Ltd. and fully consolidated.

Consolidated revenue
€m



Consolidated revenue

Consolidated revenue and income from banking transactions rose by 3.4% compared with the first half of 2007 to €31,959 million (previous year: €30,909 million). Negative currency effects reduced revenue by €1,440 million. As a result of exchange rate movements, the proportion of revenue generated outside Germany also fell, from 60.5% to 59.1%.

Income and expenses

In both the current and the previous year, one-time factors impacted on the Group's earnings. In the first half of 2007, we generated non-recurring income of €59 million from the sale of Vfw AG. In contrast, the figure for that period was depressed by one-time expenses of €48 million incurred at Postbank for the integration of BHW and for efficiency improvement programmes, amongst other things. In the period under review, Postbank incurred one-time expenses of €120 million in connection with the subprime crisis and €197 million as a result of write-downs on embedded derivatives. In addition, one-time expenses of €47 million have already been incurred in connection with the announced restructuring of DHL Express in the USA.

Including the one-time factor mentioned, other operating income rose by €76 million to €957 million, partly as a result of higher income from currency translation differences. Expenses from currency translation differences came to a similar amount; they are reflected in other operating expenses. Income from the reversal of provisions also increased other operating income.

Note 8

Materials expense and expenses from banking transactions increased from €17,534 million to €18,876 million. The increase in materials expense from €14,445 million to €15,100 million primarily reflects the rise in global oil prices. In line with income from banking transactions, expenses from banking transactions rose from €3,089 million to €3,776 million. Staff costs declined slightly, by 1.9% to €9,221 million, due primarily to currency effects. At €792 million, depreciation, amortisation and impairment losses were also down on the prior-year figure (€855 million). The impairment losses recognised on non-current assets in the Americas express business at the end of 2007 anticipated some of the write-downs. Further impairment losses were recognised on additions to non-current assets in the Americas express business in the first half of 2008.

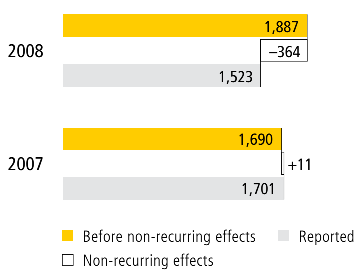
Other operating expenses rose by €199 million to €2,504 million. In addition to expenses from currency translation differences, the increase is also attributable to a number of smaller items.

Note 8

Earnings

Profit from operating activities (EBIT) amounted to €1,523 million, €178 million or 10.5% less than in the first half of 2007. The prior-year figure included the non-recurring income from the sale of Vfw AG (€59 million) and Postbank's one-time expenses (€48 million); the figure for the reporting period included the restructuring costs for the US express business (€47 million) and Postbank's one-time expenses (€317 million) as described. Adjusted for these items, EBIT advanced by 11.7% to €1,887 million (previous year: €1,690 million) in the first half of the year and by even 18.6% in the second quarter.

Consolidated EBIT H1
€m



At €534 million, net finance costs were 7.2% up on the prior-year figure (€498 million), mainly because of the general rise in interest rates.

Profit before income taxes declined year-on-year from €1,203 million to €989 million. Income tax expense fell by €60 million to €183 million, partly due to the positive impact of the business taxation reform in Germany. This reduced the Group tax rate from 20.2% to 18.5%.

Consolidated net profit for the period declined by 16.0% to €806 million (previous year: €960 million). Of this amount, €661 million is attributable to Deutsche Post shareholders and €145 million to minorities. Basic and diluted earnings per share fell from €0.65 to €0.55.

Divisions

Overview

EBIT and revenue

€m		H1			Q2	
	2007 restated	2008	+/– %	2007 restated	2008	+/– %
MAIL						
Profit from operating activities (EBIT)	958	910	–5.0	315	321	1.9
Revenue	7,052	7,051	0.0	3,366	3,421	1.6
of which Mail Communication	3,038	3,000	–1.3	1,432	1,456	1.7
Dialogue Marketing	1,403	1,377	–1.9	659	653	–0.9
Press Services	412	415	0.7	202	212	5.0
Parcel Germany	1,214	1,228	1.2	586	592	1.0
Retail Outlets	418	393	–6.0	207	193	–6.8
Global Mail	982	1,022	4.1	479	500	4.4
Consolidation/Other	–415	–384	7.5	–199	–185	7.0
EXPRESS						
Profit from operating activities (EBIT)	96	52	–45.8	65	31	–52.3
Revenue	6,754	6,880	1.9	3,421	3,513	2.7
of which Europe	3,209	3,380	5.3	1,610	1,710	6.2
Americas	2,100	1,908	–9.1	1,053	965	–8.4
Asia Pacific	1,238	1,305	5.4	647	677	4.6
EEMEA (Eastern Europe, Middle East, Africa)	487	554	13.8	255	291	14.1
Consolidation	–280	–267	4.6	–144	–130	9.7
FORWARDING/FREIGHT[1)]						
Profit from operating activities (EBIT)	151	194	28.5	80	109	36.3
Revenue	6,246	6,767	8.3	3,158	3,517	11.4
of which DHL Global Forwarding	4,468	4,941	10.6	2,274	2,585	13.7
DHL Freight	1,822	1,885	3.5	905	960	6.1
Consolidation/Other	–44	–59	–34.1	–21	–28	–33.3
SUPPLY CHAIN/CIS[1)]						
Profit from operating activities (EBIT)	274	224	–18.2	127	126	–0.8
Revenue	6,997	6,702	–4.2	3,511	3,355	–4.4
of which DHL Exel Supply Chain	6,412	6,096	–4.9	3,224	3,042	–5.6
Corporate Information Solutions[2)]	590	600	1.7	292	304	4.1
Consolidation/Other	–5	6	—	–5	9	—
FINANCIAL SERVICES						
Profit from operating activities (EBIT)	493	375	–23.9	250	185	–26.0
Revenue	5,085	5,762	13.3	2,601	2,996	15.2
Corporate Center/Other						
Loss from operating activities (EBIT)	–271	–232	14.4	–134	–100	25.4
Revenue	–1,225	–1,203	1.8	–621	–591	4.8
Group						
Profit from operating activities (EBIT)	1,701	1,523	–10.5	703	672	–4.4
Revenue	30,909	31,959	3.4	15,436	16,211	5.0

1) The LOGISTICS Division was split into the new GLOBAL FORWARDING/FREIGHT and SUPPLY CHAIN/CORPORATE INFORMATION SOLUTIONS divisions. The prior-year figures were restated accordingly.
2) The Corporate Information Solutions Business Unit was previously reported on in the MAIL Division.

MAIL Division

Since the start of the 2008 financial year, we have been reporting on the Deutsche Post retail outlets in the MAIL Division. In view of structural changes in the way costs are allocated in connection with the unbundling of the SERVICES Division, we have restated the prior-year figures. Our segment reporting reflects the change in responsibility for the Corporate Information Solutions Business Unit (Williams Lea), which is now reported on as part of the new SUPPLY CHAIN/CIS Division.

In the second quarter of 2008, revenue rose by 1.6% year-on-year, thus, at €7,051 million, reaching the high level of the previous year for the full reporting period. Negative currency effects arose in the amount of €55 million.

The German letter mail market was fully liberalised at the start of the year. Revenue in the Mail Communication Business Unit declined from €3,038 million to €3,000 million. The increasing use of electronic means of communication is resulting in ongoing shrinkage of the market. Although competition is becoming more intense, we have secured market share with competitive products and services and gained back lost customers. The decline in volumes in the first quarter was offset by volume growth in the second. This should be viewed in light of the fact that the first quarter was two working days shorter than in 2007, whereas the second quarter was three working days longer. In the regulated mail sector, we kept prices stable although the inflation rate underlying the price-cap procedure increased.

Mail Communication

mail items (millions)	H1			Q2		
	2007	**2008**	**+/– %**	**2007**	**2008**	**+/– %**
Business customer letters	3,432	3,456	0.7	1,594	1,662	4.3
Private customer letters	638	626	–1.9	305	298	–2.3
Total	**4,070**	**4,082**	**0.3**	**1,899**	**1,960**	**3.2**

Performance in the Dialogue Marketing Business Unit is being shaped by the current trend amongst companies in Germany to restrict advertising expenditures. Although the volume of addressed and unaddressed advertising mail rose, half-year revenue in this unit fell year-on-year by 1.9% to €1,377 million (previous year: €1,403 million) due to a change in conditions under which discounts are offered.

Dialogue Marketing

mail items (millions)	H1			Q2		
	2007	**2008**	**+/– %**	**2007**	**2008**	**+/– %**
Addressed advertising mail	3,256	3,278	0.7	1,531	1,586	3.6
Unaddressed advertising mail	2,281	2,401	5.3	1,112	1,153	3.7
Total	**5,537**	**5,679**	**2.6**	**2,643**	**2,739**	**3.6**

Revenue in the Press Services Business Unit increased by 0.7% to €415 million. Although both the number of pages and the weight of newspapers and magazines have decreased because their advertising content is diminishing, the average prices achieved for these items nonetheless increased.

The Parcel Germany Business Unit pushed up its revenue by 1.2% year-on-year, from €1,214 million to €1,228 million. The growing significance of e-commerce is reflected here in the increased sales volumes with our business and private customers. By contrast, traditional mail-order companies are suffering from the economic trend in Germany – their sales volumes are dropping.

Parcel Germany

items (millions)	H1			Q2		
	2007	**2008**	**+/–%**	**2007**	**2008**	**+/–%**
Business customer parcels[1]	308	314	1.9	146	151	3.4
Private customer parcels[2]	48	51	6.3	23	24	4.3
Total	**356**	**365**	**2.5**	**169**	**175**	**3.6**

1) Including intra-Group sales.
2) Including imports from other postal companies.

With around 14,000 outlets, we have one of the densest networks of fixed-location retail outlets in Germany, where our customers are able take care of their postal and often banking needs. We are continually expanding our network to make access to our services as simple as possible for customers. Revenue generated by the outlets fell from €418 million to €393 million, mainly due to a reduction in internal revenues.

Despite negative currency effects of €55 million, revenue in the Global Mail unit rose by 4.1% to €1,022 million (previous year: €982 million). We made progress in international mail business by way of volume increases in the United States domestic market, amongst other things.

Mail International: volumes

mail items (millions)	H1			Q2		
	2007	**2008**	**+/–%**	**2007**	**2008**	**+/–%**
Global Mail	3,658	3,667	0.2	1,884	1,872	–0.6

Profit from operating activities (EBIT) in the first half of 2008 fell by 5.0% year-on-year, from €958 million to €910 million, mainly due to higher costs and the market environment described. Operating cash flow amounted to €600 million; the return on sales was 12.9%.

EXPRESS Division

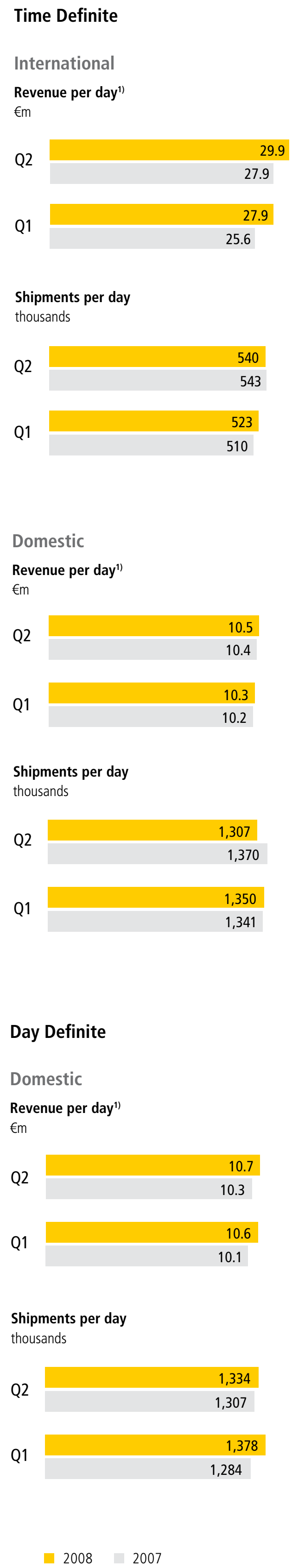
In the first half of 2008, revenue in the EXPRESS Division rose by 1.9% to €6,880 million (previous year: €6,754 million). Since more than half of this was generated in countries outside the euro zone, however, currency effects decreased revenue substantially, by €475 million. Measured in local currencies, we attained organic revenue growth of 7.4%, primarily due to our rapidly expanding international activities. Daily shipment volumes increased by 1.0% in the Time Definite International product line and by 1.3% in the domestic business. We also improved our product yield, above all by passing on higher fuel costs to our customers via a surcharge, which accounted for about half of the organic revenue growth.

In Europe, revenue increased by 5.3% to €3,380 million (previous year: €3,209 million). The total contains negative currency effects in the amount of €64 million, attributable chiefly to our UK business. The underlying organic growth for the region was 4.5%. The new EU member states as well as France, the Benelux countries and the Scandinavian countries continued to develop well in the first half of 2008.

Negative currency effects (€259 million) continued to have an impact on our revenue in the Americas region, which slipped by 9.1%, from €2,100 million in the previous year to €1,908 million. In terms of organic growth, revenue increased by 3.2% in local currency. Business in Latin America once again proved especially strong. Measured against the prior year, we also posted a moderate rise in the United States, where reduced shipment volumes in the domestic time-definite business were compensated by vigorous growth in our other product lines and in international activities.

In the Asia Pacific and EEMEA (Eastern Europe, Middle East and Africa) regions, revenue increased organically by 12.8% and 25.3% respectively. Once again, we achieved the highest rates in Russia and the Middle East. The Asia Pacific region again experienced strong growth, even though economic momentum slowed somewhat in China. Negative currency effects reduced revenue in these regions by €155 million but were eliminated in the calculation of organic revenue growth.

Profit from operating activities (EBIT) fell by around 46% in the first half of the year, from €96 million in the prior-year period to €52 million. As in the first quarter, this was mainly attributable to the slackening economy, particularly in the US. This slowdown fuelled the shift from high-margin domestic time-definite to day-definite business in the United States, which prompted higher losses in the Americas region. Moreover, the realignment of the US express business added another €47 million to our costs. In light of the economic environment, the trend in the remaining regions is satisfactory. Return on sales decreased year-on-year by 0.6 percentage points to 0.8% and operating cash flow totalled €79 million.



1) Currency effects have been eliminated from the revenue per day data.

FORWARDING/FREIGHT Division

In March 2008, the LOGISTICS Division was restructured and split between two board departments. The new structure is reflected in the segment reporting. The LOGISTICS Division was dissolved and replaced by the new FORWARDING/FREIGHT Division and the new SUPPLY CHAIN/CIS Division. The prior-year figures were restated accordingly. The business units of the FORWARDING/FREIGHT Division are still called DHL Global Forwarding and DHL Freight.

Overall the growth and performance of our FORWARDING/FREIGHT business developed favourably in the first half of 2008. Revenue grew by 8.3% to €6,767 million (previous year: €6,246 million). This figure includes negative currency effects of more than €300 million. Organically, our revenue grew by 13.3%.

The DHL Global Forwarding business generated revenue of €4,941 million (previous year: €4,468 million) in the first half of the year. Thus, revenue grew by 10.6% year-on-year despite negative currency effects. Organic revenue growth was 17.3%. Gross profit in the business unit totalled €1,065 million. Profit from operating activities (EBIT) improved favourably thanks to reduced overhead costs.

The volume of air freight transported increased by around 6% in the first half of the year. In contrast, the market grew by around 3%. Due to higher fuel surcharges, revenue for the first half of 2008 rose by 9.4% despite negative currency effects and lower freight rates. In the second quarter, the revenue increase expanded to 13.5%. Our business was particularly robust in the Middle East and Africa.

DHL Global Forwarding: revenue by segment

€m	H1			Q2		
	2007	**2008**	**+/– %**	**2007**	**2008**	**+/– %**
Air freight	2,341	2,560	9.4	1,181	1,341	13.5
Ocean freight	1,400	1,594	13.9	715	836	16.9
Other	727	787	8.3	378	408	7.9
Total	**4,468**	**4,941**	**10.6**	**2,274**	**2,585**	**13.7**

DHL Global Forwarding: volumes

thousands		H1			Q2		
		2007	**2008**	**+/– %**	**2007**	**2008**	**+/– %**
Air freight	Tonnage	2,069	2,192	5.9	1,067	1,124	5.3
Ocean freight	TEUs[1]	1,205	1,333	10.6	629	694	10.3

1) Twenty-foot equivalent units.

Ocean freight volumes increased by 10.6% in the first half of 2008. Here also, we outperformed the market, which grew by 7% to 8%. Our revenue growth for the first half of the year amounted to 13.9%, yet in the second quarter, revenue rose by 16.9%. Revenues increased above all in Europe, in the Middle East and in Africa.

In the first half of 2008, the DHL Freight business reported revenue of €1,885 million (previous year: €1,822 million). The business showed organic revenue growth of 4.2% with good performances in the Benelux countries, Eastern Europe and Germany, mainly coming from price increases. Gross profit reached €488 million, surpassing the prior-year figure. EBIT was reduced, partially due to currency effects.

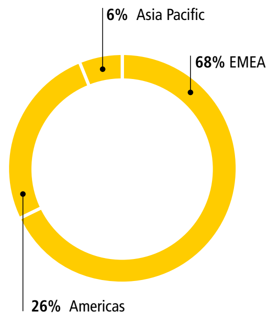
Profit from operating activities (EBIT) of the FORWARDING/FREIGHT Division was €194 million in the period under review (previous year: €151 million). Adjusted for negative currency effects of €15 million, the business performed very well with growth of 38% in EBIT. Return on sales rose from 2.4% to 2.9%.

Operating cash flow in the first half of the year was €295 million.

SUPPLY CHAIN/CIS Division

In March 2008, the LOGISTICS Division was restructured and split between two board departments. The new structure is reflected in the segment reporting. The LOGISTICS Division was dissolved and replaced by the new FORWARDING/FREIGHT Division and the new SUPPLY CHAIN/CIS Division. Previously, the Corporate Information Solutions business was reported as part of the MAIL Division. The prior-year figures were restated accordingly.

Revenue by region H1 2008



On the whole, the division performed well in the first half of 2008. However, negative currency effects of around €600 million decreased revenue by 4.2% to €6,702 million (previous year: €6,997 million). Organically, revenue grew by 4.3% with contributions from all regions.

In the DHL Exel Supply Chain business, we generated new business of around €550 million in annualised revenue. The renewal rate was 90%. The Corporate Information Solutions business posted good organic growth despite the negative impact of the financial market crisis on the document management market.

Profit from operating activities (EBIT) was €224 million in the period under review (previous year: €274 million). The previous year's figure included the sale of Vfw AG, which generated non-recurring income of €59 million. Adjusted for this inorganic effect and negative currency effects of more than €20 million, our EBIT grew by 12%. Return on sales before non-recurring effects rose from 3.1% to 3.3%.

Operating cash flow in the first half of 2008 was €–47 million.

FINANCIAL SERVICES Division

The FINANCIAL SERVICES Division consists primarily of the Deutsche Postbank Group. As one of the largest financial services providers in Germany, the Deutsche Postbank Group serves some 14.2 million customers, has a workforce of around 21,500 and employs more than 4,000 mobile financial advisers. The Postbank Group's core competence is its retail banking business. It also engages in corporate banking and, in the Transaction Banking unit, provides processing services to other financial institutions, chiefly in the payment transactions segment.

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Deutsche Postbank AG presents its business performance for the first half of 2008 in its own interim report published on 30 July 2008.

During the period under review, the division generated revenue of €5,762 million, which exceeded the previous year's figure of €5,085 million by 13.3%. The balance sheet-related revenues of Postbank decreased by 15.1% year-on-year to €1,167 million.

Impacted by the crisis on the financial markets, profit from operating activities (EBIT) dropped by 23.9% in the first half of the year, from €493 million in the first half of 2007 to €375 million. In particular, this decline in profit reflects temporary value fluctuations connected with the financial market crisis, which exerted a negative impact in the reporting period. Excluding the impact of the write-downs, EBIT increased by 28%. Operating business developed well despite a difficult climate in the German retail banking business.

Net Assets and Financial Position

Financial Management

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The principles and aims of financial management presented in the 2007 Annual Report starting on page 38 remain in force and are being pursued unchanged. In the first half of 2008, the euro was again the Group's most important currency in which debt is denominated. Including hedging transactions, it accounted for 43% of net debt, whilst the share of net debt denominated in US dollars was 36%. The other basic financial data outlined in the Annual Report are still valid.

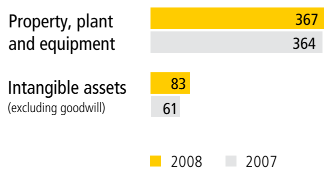
In June 2008, our rating was reviewed by the rating agencies Standard & Poor's, Moody's Investors Service and Fitch Ratings. It was downgraded by Standard & Poor's to BBB+. In July, immediately after the reporting period, Fitch revised the outlook to negative and Moody's downgraded our rating to A3.

Our credit quality continues to be highly rated, however, as a result of which the current crisis in the financial markets is not affecting our refinancing options or liquidity position. At the reporting date, the Group had unsecured firm credit lines totalling around €4.2 billion, of which around €1.2 billion had been used. Average drawings on these lines stood at around 18.1% in the first half of the year (previous year: 1.3%). In addition, we have a short-term financing facility worth €1 billion in the form of the commercial paper programme launched at the start of the year. This programme was used to raise an average of €20 million to €500 million a month in the first half of the year.

Capital expenditure

The Group's capital expenditure (capex) amounted to €811 million in total in the period to the end of June 2008 (previous year: €794 million). Of this figure, €669 million was attributable to investments in property, plant and equipment and €142 million to intangible assets excluding goodwill. Overall, Group investments rose by 2.1% year-on-year. Investments in property, plant and equipment related mainly to advance payments and assets under development (€252 million), technical equipment and machinery (€117 million), transport equipment (€102 million), IT equipment (€58 million) and other operating and office equipment (€55 million).

Capital expenditure Q2
€m



Capex and depreciation

H1	MAIL		EXPRESS		FORWARDING/ FREIGHT		SUPPLY CHAIN/ CIS		FINANCIAL SERVICES		Corporate Center/ Other[1]		Group	
€m	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Capex	112	82	311	356	34	45	226	191	39	43	72	94	794	811
Depreciation on assets	211	173	215	221	46	47	173	163	79	70	131	118	855	792
Capex versus depreciation ratio	0.53	0.47	1.45	1.61	0.74	0.96	1.31	1.17	0.49	0.61	0.55	0.80	0.93	1.02

Q2	MAIL		EXPRESS		FORWARDING/ FREIGHT		SUPPLY CHAIN/ CIS		FINANCIAL SERVICES		Corporate Center/ Other[1]		Group	
€m	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Capex	73	56	175	206	20	28	114	73	21	26	22	61	425	450
Depreciation on assets	110	86	107	117	22	24	93	82	38	35	65	55	435	399
Capex versus depreciation ratio	0.66	0.65	1.64	1.76	0.91	1.17	1.23	0.89	0.55	0.74	0.34	1.11	0.98	1.13

1) Corporate Center/Other/Consolidation.

In the MAIL Division, capital expenditure totalled €82 million (previous year: €112 million) and centred on the domestic mail, retail outlet and parcel business. Above all, we purchased replacement IT and transport equipment, optimised production processes and installed further Packstations and Paketboxes. In the Global Mail network we further developed a software platform. In the second half of the year, we intend to purchase new sorting machines.

In the EXPRESS Division, capital expenditure increased year-on-year from €311 million to €356 million. Breaking it down into individual investments reveals that significant amounts were invested in the development of the air hubs in the Asia Pacific region and in our global aircraft network. In the second quarter, we also completed the new European air hub at Leipzig/Halle airport. In the EEMEA region, the focus remained on the growth markets of Russia and the Middle East. In the International Americas region, investment activities focused on Canada and Mexico.

In the FORWARDING/FREIGHT Division, capital expenditure amounted to €45 million (previous year: €34 million). Of this figure, €23 million was attributable to the DHL Global Forwarding Business Unit, where we continued to improve building facilities and the IT infrastructure. €22 million was invested in the DHL Freight Business Unit, mainly in modernising the vehicle fleet and expanding terminals.

In the SUPPLY CHAIN/CIS Division, capital expenditure declined from €226 million to €191 million, the majority of which was invested in the DHL Exel Supply Chain Business Unit, primarily in customer-specific warehouse solutions, transport equipment and information systems to support the relevant processes. These investments were made mainly in the United Kingdom, the USA and Germany. In Corporate Information Solutions, we primarily upgraded and replaced printing equipment.

Postbank remodelled more branches and optimised the communication technology used for its mobile sales activities. Further investments were made in projects aimed at introducing suitable processes relating to the flat tax on investment income, implementing the requirements of Basel II and further developing a liquidity management system. At €43 million in total, investments in the FINANCIAL SERVICES Division were slightly up on the previous year.

Cross-divisional investments rose from €90 million to €94 million and consisted mainly of vehicle and IT purchases. Deutsche Post Fleet GmbH replaced vehicles that had reached the end of their optimum useful life and purchased additional vehicles.

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During the first six months of 2008, there were no other material changes in the Group's investment projects presented in the 2007 Annual Report, starting on page 42.

Cash flow disclosures (Postbank at equity)

Selected cash flow indicators (Postbank at equity)

€m	H1	
	2007	**2008**
Cash and cash equivalents as at 30 June	1,227	1,120
Change in cash and cash equivalents	–534	–219
Net cash from operating activities	789	623
Net cash used in investing activities	–580	–334
Net cash used in financing activities	–764	–474

Net cash from operating activities (Postbank at equity) declined by €166 million year-on-year to €623 million. In addition to a reduction in EBIT, an increase in the utilisation of provisions in particular had a negative impact. The net outflow of working capital, on the other hand, fell by €94 million.

At €334 million, net cash used in investing activities was significantly down on the prior-year figure (€580 million). In particular, proceeds from the disposal of non-current assets rose sharply. At €377 million, these were above the prior-year figure (€355 million) and stemmed mainly from real estate disposals. Cash was used, amongst other things, to acquire Flying Cargo Ltd. and DHL Pakistan Ltd. and increase our stakes in Exel-Sinotrans Freight Forwarding Ltd. and Williams Lea Ltd. At €782 million, cash payments for other non-current assets were on a par with the previous year.

The changes described in cash and cash equivalents resulted in free cash flow of €289 million (previous year: €209 million).

Net cash used in financing activities amounted to €474 million (previous year: €764 million). At €1,087 million, the dividend paid to our shareholders for financial year 2007 accounted for the largest share. The change in financial liabilities, however, led to a cash inflow of €803 million.

Compared with 1 January 2008, cash and cash equivalents fell by €219 million to €1,120 million. In addition to the changes described in the cash flows from the individual activities, this was due to, amongst other things, currency effects (€–36 million).

Consolidated balance sheet

Total assets amounted to €260,553 million as at 30 June 2008, €25,087 million more than at 31 December 2007. This was due mainly to Postbank's successful operating business, which is reflected in receivables and other securities and liabilities from financial services.

Non-current assets declined by €1,333 million to €24,411 million. This decline primarily reflects the planned sale of real estate and IT equipment and the reclassification of those items to non-current assets held for sale. In particular, this reduced property, plant and equipment from €8,754 million to €7,645 million. Intangible assets declined by €261 million to €13,965 million, mainly because of currency effects recognised directly in equity relating to goodwill. Investment property fell from €187 million to €101 million. We intend to sell some of these assets and have therefore reclassified them to non-current assets held for sale. Deferred tax assets amounted to €1,304 million (previous year: €1,020 million).

The 12.6% rise in current assets to €236,142 million was due primarily to receivables and other securities from financial services. These rose, amongst other things, because Postbank acquired private residential mortgages. Receivables and other assets increased from €9,806 million to €10,170 million, partly because of the deferred annual contribution to Bundes-Pensions-Service that had been prepaid. Non-current assets held for sale rose by €515 million to €1,130 million. Two opposing effects came into play here: the reclassification of real estate and IT assets increased the item by

€1,110 million, whilst the sale of the credit card and sales financing business of BHW Bank AG had an offsetting effect. Cash and cash equivalents declined by €2,552 million to €2,131 million as at the balance sheet date, mainly because of a fall in Postbank's cash reserve.

Equity attributable to Deutsche Post AG shareholders declined from €11,058 million as at 31 December 2007 to €9,846 million. Amongst other things, the increased dividend payment for financial year 2007 (€1,087 million), currency translation differences recognised directly in equity and adjustments to the revaluation reserve (totalling €808 million) led to a decline in equity, whilst the consolidated net profit for the period of €661 million served to strengthen it.

i Note 2

Current and non-current liabilities increased by €27,163 million to €236,160 million as at the balance sheet date, mainly because liabilities from financial services rose by €26,909 million. At €10,644 million, financial liabilities were €463 million up on the figure as at 31 December 2007. i Financial liabilities to Williams Lea minority shareholders declined, whilst the subordinated debt of Postbank and short-term loans increased. Trade payables were €412 million lower. Other current and non-current liabilities rose from €5,462 million to €5,725 million, mainly because we received a payment on account for the real estate portfolio we are holding for sale. Current and non-current provisions declined from €12,610 million to €12,310 million, partly because a provision for the funding of future shortfalls in the Postal Civil Service Health Insurance Fund was reversed.

Indicators for the "Postbank at equity" scenario

Higher financial liabilities and lower holdings of cash and cash equivalents resulted in an increase in net debt from €2,858 million to €3,931 million as at the balance sheet date. Financial liabilities to Williams Lea minority shareholders are not included in calculating this indicator. Net gearing rose to 28.3%. The equity ratio declined to 28.7%.

Selected indicators for net assets (Postbank at equity)

		31 Dec. 2007	30 June 2008
Equity ratio	%	31.4	28.7
Net debt	€m	2,858	3,931
Net gearing	%	20.3	28.3

Employees

The average number of employees (full-time equivalents) increased in the first six months of 2008 by 1.5% compared with the previous year's average to 477,394. The reasons behind this were, amongst other things, the continued expansion of the European air hub at Leipzig/Halle airport as well as operating growth abroad.

Risks

Opportunity and risk management

Our business activities go hand in hand with both opportunities and risks, which we continuously monitor using our Group-wide risk management system. This system helps management to identify and assess developments involving opportunities and risks at an early stage. Information on the early warning system and the significant risks affecting our net assets, financial position and results of operations is contained in the 2007 Annual Report starting on page 85 and in the interim report on the first quarter of 2008 starting on page 19. Further information on the risk position of Postbank can be found in the 2007 Annual Report of Deutsche Postbank AG and in its interim reports.

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General business environment and industry-specific risks

On 1 July 2008, the European Court of First Instance annulled the June 2002 decision of the European Commission ordering Deutsche Post AG to repay purported state aid. Based on the European Commission's decision, Deutsche Post AG had been forced to repay a total of €907 million (€572 in allegedly misused public funds plus interest) to the Federal Republic of Germany in January 2003, even though it had appealed the decision immediately. Following the decision of the European Court, Deutsche Post AG will receive some €1,065 million back from the German government, equalling the amount originally repaid plus interest. The European Commission and its interveners have two months in which to file an appeal with the European Court of Justice.

The 23 July 2008 ruling of the European Commission concluded the formal proceedings opened on 22 November 2006 concerning the possibility of state aid having been misused in connection with construction of the DHL European air hub at Leipzig/Halle airport. In its ruling, the Commission reached the conclusion that the use of public funds of around €350 million for the new southern runway was in compliance with the European law relating to state aid. The Commission also ruled that the financial guarantees endorsed by the state of Saxony for the benefit of DHL were impermissible. The Commission is of the opinion that any unlawfully granted state aid must be repaid by DHL. Deutsche Post AG and DHL will review the decision. DHL's daily operations will not be affected by the invalidity of the guarantees or the possibility of having to make a limited repayment.

Risks arise from the purchase of fuels and fuel oil, most of which are passed on to customers via surcharges and contract clauses. In view of the current trend in the price of oil, however, it cannot be ruled out that our customers will increasingly request more economical ground transport options rather than air freight products, especially in the express business.

In addition, the further development of the slackening US economy can influence the domestic and international transport volume, in particular express shipment volumes.

Business strategy risks

On 28 May 2008, the Board of Management and the Supervisory Board adopted a programme to realign the US express business. The plan focuses on reducing ground infrastructure costs and finding an agreement with UPS on air transport. The restructuring will cost a total of up to US$2 billion. As a result, we expect the financial situation of DHL Express USA to see a lasting improvement starting in 2010. The goal is to achieve cost savings of around US$1 billion annually. However a final decision on the outcome of the current negotiations is expected in the near future.

The risks specified here are 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.

Overall assessment of the Group's risk position

We are not aware of any significant risks other than those described in the 2007 Annual Report, the interim report on the first quarter of 2008 and this section detailing risks. We do not believe that the existing risks, either individually or collectively, represent a threat to the company's ability to continue as a going concern.

Research and Development

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

European court awards Deutsche Post a repayment of €1 billion

On 1 July 2008 the European Court of First Instance annulled a 2002 decision by the European Commission, which had ordered Deutsche Post to repay €907 million in purported state aid and interest. Deutsche Post will now receive a repayment of around €1 billion.

Deutsche Post to improve efficiency of its IT services

Deutsche Post World Net will not pursue the planned transfer of parts of its global IT activities to HP Services. The two companies had signed a letter of intent for such purpose in January. After careful review of the offer, the Board of Management came to the conclusion that the cost reductions of €1 billion planned to be achieved over the next seven years will be more easily attainable if the units in question remain with the Group.

Outlook

Future environment

We have seen a slowdown in growth rates in the year to date. The banking crisis is proving to be more substantial and persistent than expected, and oil prices have again risen sharply. Despite these considerable risks, the global economy currently shows no signs of pronounced weakness, although uncertainty regarding global growth perspectives remains unusually high as at mid 2008.

Whilst the economy in the United States has not yet overcome its inertia, the aggressive interest rate cuts made by the US Federal Reserve are expected to take effect as the year progresses. The economy should recover slightly as a result. Nonetheless, economists predict that GDP growth is not expected to exceed 1.7% (Postbank Research), which would be the lowest level since 2002.

In Japan, GDP is projected to grow somewhat more slowly than in the previous year at 1.8% (Postbank Research). The Chinese economy is showing only slight signs, if any, of a gradual slowdown in its high level of growth. Economists are forecasting double digit growth rates for GDP again in 2008.

According to experts, in the euro zone the economic upturn is clearly past its peak. Only moderate growth is anticipated for the second half of the year. All in all, GDP growth is expected to be noticeably lower than in the previous year at 1.6% (Postbank Research).

In Germany, GDP growth in 2008 is likely to be only slightly weaker than in the previous year, at around 2.3% (Postbank Research). Exports are again expected to exert a positive influence, given that the German economy is evidently less affected by the high euro rate than other euro zone countries. Suffering from higher prices, above all for energy, private consumption is likely to experience only a moderate revival.

Business development expectations

Based on the half-year result and assuming that the global economy will not significantly worsen, the Group is maintaining its full-year guidance for 2008 and expects EBIT before non-recurring effects of around €4.1 billion. We anticipate a pre-tax profit of around €3.1 billion.

The divisional profit forecast has been adjusted. It now takes into account the new FORWARDING/FREIGHT and SUPPLY CHAIN/CIS divisions and their composition. The forecast also contains minor adjustments regarding future business prospects.

Even without the CIS business the MAIL Division is expected to record EBIT before non-recurring effects of around €1.95 billion. The EXPRESS Division should see around €0.4 billion EBIT before non-recurring effects. FORWARDING/FREIGHT is expected to see around €0.5 billion of EBIT before non-recurring effects; SUPPLY CHAIN/CIS is expected to contribute the same amount. The FINANCIAL SERVICES Division is still expected to record EBIT before non-recurring effects of around €1.2 billion. The result of the Corporate Center/Other unit is now expected to come in at €–0.5 billion. Our guidance for 2009 remains unchanged at EBIT before non-recurring effects of around €4.7 billion.

Profit forecast before non-recurring effects

€bn	**2008**	**2009**
Profit from operating activities (EBIT)		
MAIL	≈ 1.95	1.7 to 1.9
EXPRESS	≈ 0.4	0.75 to 0.95
FORWARDING/FREIGHT	≈ 0.5	0.55 to 0.6
SUPPLY CHAIN/CIS	≈ 0.5	0.5 to 0.55
FINANCIAL SERVICES	≈ 1.2	min. 1.3
Corporate Center/Other	≈ –0.5	≈ –0.45
Group	**≈ 4.1**	**≈ 4.7**
Earnings before taxes (EBT)	**≈ 3.1**	**≈ 3.8**
Earnings per share (€)	**1.65 to 1.69**	**2.05 to 2.15**
Based on number of shares (millions)	1,209	1,211

Opportunities

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We describe the Group’s economic opportunities in the 2007 Annual Report starting on page 100.

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 at 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.

Condensed Consolidated Interim Financial Statements

Income Statement

1 January to 30 June

€m	H1		Q2	
	2007 restated[1]	**2008**	**2007** restated[1]	**2008**
Revenue and income from banking transactions	30,909	31,959	15,436	16,211
Other operating income	881	957	410	478
Total operating income	**31,790**	**32,916**	**15,846**	**16,689**
Materials expense and expenses from banking transactions	–17,534	–18,876	–8,841	–9,685
Staff costs	–9,395	–9,221	–4,715	–4,638
Depreciation, amortisation and impairment losses	–855	–792	–435	–399
Other operating expenses	–2,305	–2,504	–1,152	–1,295
Total operating expenses	**–30,089**	**–31,393**	**–15,143**	**–16,017**
Profit from operating activities (EBIT)	**1,701**	**1,523**	**703**	**672**
Net income from associates	0	2	0	0
Other financial income	61	58	24	33
Other finance costs	–559	–594	–260	–304
Net other finance costs	–498	–536	–236	–271
Net finance costs	**–498**	**–534**	**–236**	**–271**
Profit before income taxes	**1,203**	**989**	**467**	**401**
Income tax expense	–243	–183	–96	–75
Consolidated net profit for the period	**960**	**806**	**371**	**326**
attributable to				
Deutsche Post AG shareholders	784	661	285	254
Minorities	176	145	86	72
	€	€	€	€
Basic earnings per share	**0.65**	**0.55**	**0.24**	**0.21**
Diluted earnings per share	**0.65**	**0.55**	**0.24**	**0.21**

1) See Note 1.

Balance Sheet

as at 30 June 2008

€m	31 Dec. 2007	30 June 2008
ASSETS		
Intangible assets	14,226	13,965
Property, plant and equipment	8,754	7,645
Investment property	187	101
Investments in associates	203	189
Other non-current financial assets	857	695
Non-current financial assets	1,060	884
Other non-current assets	497	512
Deferred tax assets	1,020	1,304
Non-current assets	**25,744**	**24,411**
Inventories	248	283
Income tax assets	312	405
Receivables and other assets	9,806	10,170
Receivables and other securities from financial services	193,986	221,950
Financial instruments	72	73
Cash and cash equivalents	4,683	2,131
Non-current assets held for sale	615	1,130
Current assets	**209,722**	**236,142**
Total assets	**235,466**	**260,553**
EQUITY AND LIABILITIES		
Issued capital	1,207	1,209
Other reserves	875	87
Retained earnings	8,976	8,550
Equity attributable to Deutsche Post AG shareholders	**11,058**	**9,846**
Minority interest	2,801	2,237
Equity	**13,859**	**12,083**
Provisions for pensions and other employee benefits	5,989	5,918
Deferred tax liabilities	1,569	1,514
Other non-current provisions	3,015	2,804
Non-current provisions	**10,573**	**10,236**
Non-current financial liabilities	8,625	8,435
Other non-current liabilities	361	374
Non-current liabilities	**8,986**	**8,809**
Non-current provisions and liabilities	**19,559**	**19,045**
Income tax provisions	334	392
Other current provisions	1,703	1,682
Current provisions	**2,037**	**2,074**
Current financial liabilities	1,556	2,209
Trade payables	5,384	4,972
Liabilities from financial services	187,787	214,696
Income tax liabilities	139	98
Other current liabilities	5,101	5,351
Liabilities associated with non-current assets held for sale	44	25
Current liabilities	**200,011**	**227,351**
Current provisions and liabilities	**202,048**	**229,425**
Total equity and liabilities	**235,466**	**260,553**

Cash Flow Statement

1 January to 30 June

€m	H1		Q2	
	2007 restated [1]	2008	2007 restated [1]	2008
Net profit before taxes	**1,203**	**989**	**467**	**401**
Net finance costs	498	534	236	271
Profit from operating activities (EBIT)	**1,701**	**1,523**	**703**	**672**
Depreciation/amortisation of non-current assets	855	792	435	399
Net income from disposal of non-current assets	–94	–69	–18	–14
Non-cash income and expense	237	225	119	139
Change in provisions	–154	–608	–110	–386
Change in other assets and liabilities	–101	–28	–56	–26
Taxes paid	–180	–284	–65	–230
Net cash from operating activities before changes in working capital	**2,264**	**1,551**	**1,008**	**554**
Changes in working capital				
Inventories	21	–41	5	–31
Receivables and other assets	–728	–701	–169	–128
Receivables/liabilities from financial services	417	–2,611	–284	–1,166
Liabilities and other items	–85	–227	190	211
Net cash from/used in operating activities	**1,889**	**–2,029**	**750**	**–560**
Proceeds from disposal of non-current assets				
Divestitures	52	0	2	0
Other non-current assets	305	1,290	187	424
	357	**1,290**	**189**	**424**
Cash paid to acquire non-current assets				
Investments in companies	–306	–420	–152	–327
Other non-current assets	–830	–825	–435	–453
	–1,136	**–1,245**	**–587**	**–780**
Interest received	52	36	–46	21
Current financial instruments	1	5	11	16
Net cash used in/from investing activities	**–726**	**86**	**–433**	**–319**
Change in financial liabilities	791	784	951	645
Other financing activities	4	68	4	27
Dividend paid to Deutsche Post AG shareholders	–903	–1,087	–903	–1,087
Dividend paid to other shareholders	–108	–136	–106	–131
Issuance of shares under stock option plan	30	18	9	8
Interest paid	–172	–222	20	–96
Net cash used in financing activities	**–358**	**–575**	**–25**	**–634**
Net change in cash and cash equivalents	805	–2,518	292	–1,513
Effect of changes in exchange rates on cash and cash equivalents	–3	–36	2	1
Changes in cash and cash equivalents associated with non-current assets held for sale	–22	0	–22	0
Changes in cash and cash equivalents due to changes in consolidated group	24	2	0	2
Cash and cash equivalents at beginning of reporting period	2,391	4,683	2,923	3,641
Cash and cash equivalents at end of reporting period	**3,195**	**2,131**	**3,195**	**2,131**

1) Prior-year figures restated, see Note 1 and 2007 Annual Report, Note 47.

Statement of Changes in Equity

1 January to 30 June

€m	Issued capital	Other reserves: Capital reserves	Other reserves: IAS 39 reserves	Other reserves: Revaluation reserve	Other reserves: Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
Balance at 1 January 2007	**1,202**	**2,037**	**–58**	**0**	**–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						784	784	176	960
Total changes in equity recognised in income and not recognised in income							**645**	**78**	**723**
Balance at 30 June 2007	**1,205**	**2,071**	**–151**	**0**	**–514**	**8,388**	**10,999**	**2,671**	**13,670**
Balance at 1 January 2008	**1,207**	**2,119**	**–347**	**0**	**–897**	**8,976**	**11,058**	**2,801**	**13,859**
Capital transactions with owner									
Capital contribution from retained earnings							0		0
Dividend						–1,087	–1,087	–152	–1,239
Stock option plans (exercise)	2	16					18		18
Stock option plans (issuance)		4					4		4
							–1,065	**–152**	**–1,217**
Other changes in equity not recognised in income									
Currency translation differences					–282		–282	–23	–305
Other changes			–534	8			–526	–534	–1,060
							–808	**–557**	**–1,365**
Changes in equity recognised in income									
Consolidated net profit						661	661	145	806
Total changes in equity recognised in income and not recognised in income							**–147**	**–412**	**–559**
Balance at 30 June 2008	**1,209**	**2,139**	**–881**	**8**	**–1,179**	**8,550**	**9,846**	**2,237**	**12,083**

Segment Reporting

1 January to 30 June

Segments by division

€m	MAIL[1]		EXPRESS[1]		FORWARDING/ FREIGHT[1]		SUPPLY CHAIN/ CIS[1]		FINANCIAL SERVICES		Corporate Center/ Other[1]		Group	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
External revenue	6,802	6,834	6,526	6,619	5,849	6,386	6,913	6,615	4,815	5,500	4	5	30,909	31,959
Internal revenue	250	217	228	261	397	381	84	87	270	262	–1,229	–1,208	0	0
Total revenue	7,052	7,051	6,754	6,880	6,246	6,767	6,997	6,702	5,085	5,762	–1,225	–1,203	30,909	31,959
Profit or loss from operating activities (EBIT)	958	910	96	52	151	194	274	224	493	375	–271	–232	1,701	1,523
Net income from associates	0	0	0	2	0	0	0	0	0	0	0	0	0	2
Segment assets[2]	4,811	3,999	9,160	9,107	7,078	7,018	8,779	8,235	197,448	224,930	302	1,753	227,578	255,042
Investments in associates[2]	22	22	174	160	6	6	0	0	0	0	1	1	203	189
Segment liabilities including non-interest-bearing provisions[2]	2,347	2,587	3,520	2,449	2,344	2,457	3,115	2,940	188,681	215,163	–557	595	199,450	226,191
Segment investments	118	130	506	440	52	130	457	274	47	43	32	55	1,212	1,072
Depreciation, amortisation and write-downs	211	173	215	221	46	47	173	163	79	70	131	118	855	792
Other non-cash expenses	86	37	32	68	22	11	70	44	269	247	35	60	514	467
Employees[3]	148,730	145,894	108,655	112,901	39,651	41,290	134,110	138,845	23,369	23,028	15,608	15,436	470,123	477,394

Segments by region

€m	Germany		Europe excluding Germany		Americas		Asia Pacific		Other regions		Group	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
External revenue	12,219	13,060	9,935	9,895	5,385	5,153	2,788	2,960	582	891	30,909	31,959
Segment assets[2]	182,722	209,632	28,449	28,790	11,581	11,594	4,309	4,422	517	604	227,578	255,042
Segment investments	275	315	515	333	254	182	135	203	33	39	1,212	1,072

Q2

Segments by division

€m	MAIL[1]		EXPRESS[1]		FORWARDING/ FREIGHT[1]		SUPPLY CHAIN/ CIS[1]		FINANCIAL SERVICES		Corporate Center/ Other[1]		Group	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
External revenue	3,244	3,315	3,305	3,389	2,953	3,330	3,467	3,311	2,465	2,864	2	2	15,436	16,211
Internal revenue	122	106	116	124	205	187	44	44	136	132	–623	–593	0	0
Total revenue	3,366	3,421	3,421	3,513	3,158	3,517	3,511	3,355	2,601	2,996	–621	–591	15,436	16,211
Profit or loss from operating activities (EBIT)	315	321	65	31	80	109	127	126	250	185	–134	–100	703	672
Net income from associates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Segment investments	74	101	299	213	30	90	91	126	21	26	31	51	546	607
Depreciation, amortisation and write-downs	110	86	107	117	22	24	93	82	38	35	65	55	435	399
Other non-cash expenses	47	18	23	34	10	4	23	22	136	130	27	20	266	228

Segments by region

€m	Germany		Europe excluding Germany		Americas		Asia Pacific		Other regions		Group	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
External revenue	5,997	6,531	4,994	4,899	2,661	2,656	1,464	1,537	320	588	15,436	16,211
Segment investments	159	218	109	134	165	114	104	115	9	26	546	607

1) Prior-year figures restated, see Note 9.
2) As at 31 December 2007 and 30 June 2008.
3) Average FTEs.

Selected Explanatory Notes

1 Basis of accounting

The accompanying condensed consolidated interim financial statements as of 30 June 2008 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 condensed interim financial statements.

Preparation of the condensed 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 thus far in financial year 2008 are not necessarily an indication of the further development of the course of business.

The accounting policies applied to the condensed consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2007. For further information on the accounting policies applied, please refer to the i consolidated financial statements for the period ended 31 December 2007 on which these interim financial statements are based.

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In accordance with IAS 1.35, the effects of foreign currency hedging are reported under net finance costs on a net basis, as this better reflects the economic substance of the transactions. The cash flow statement shows "other financing activities". This caption primarily includes the cash flows from foreign currency derivatives. The prior-year figures were restated accordingly.

The accompanying condensed consolidated interim financial statements have been reviewed.

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

	31 Dec. 2007	30 June 2008
Number of fully consolidated companies (subsidiaries)		
German	113	113
Foreign	857	855
Number of proportionately consolidated joint ventures		
German	1	1
Foreign	12	12
Number of companies accounted for at equity (associates)		
German	3	3
Foreign	18	17

In the second quarter of 2008, Deutsche Post Beteiligungen Holding GmbH, Germany, increased its stake in Williams Lea Holdings plc, UK, from 66% to 96% for a purchase price of €220 million. The financial liability for the remaining outstanding shares fell to €29 million.

In April 2008, DHL Exel Supply Chain Hong Kong acquired from Sinotrans Air Transportation Development, China, the remaining 50% of the shares in their joint venture, Exel-Sinotrans Freight Forwarding Co. Ltd., China, for €61 million and has since been the sole owner. The company was previously accounted for in the consolidated financial statements as a proportionately consolidated joint venture. Goodwill of €31 million arose on its full consolidation. The purchased remaining 50% of the shares of the company contributed €28 million to consolidated revenue. The company has significant service relationships with the Group. The purchase price allocation is as follows:

Measurement of goodwill

€m	1 April 2008
Cost of the investment (second tranche)	61
Less proportionate net assets measured at fair value	–30
Goodwill	**31**

Net assets

€m	Carrying amount	Adjustments [1]	Fair value
Intangible assets	33	24	57
of which customer list	32	24	56
Property, plant and equipment	6	0	6
Current assets and cash and cash equivalents	94	0	94
Current liabilities	–81	0	–81
Deferred taxes	–10	–7	–17
Total net assets (100%)	42	17	59
Proportionate net assets acquired	**21**	**9**	**30**

1) Adjustments to customer relationships of €12 million and adjustments to deferred taxes of €4 million relate to the 50% interest held previously. These amounts were recognised in the revaluation reserve.

On 31 December 2007, FC (Flying Cargo) International Transportation Ltd., Israel, was acquired for €74 million. Provisional goodwill amounts to €73 million. In the first quarter of 2008, the former shareholders were paid the equivalent of €65 million, of which €45 million related to the first tranche of the purchase price payment and €20 million to the repayment of loans from former shareholders. The purchase price allocation will be presented in the third quarter of 2008, as not all the necessary information is available at the present time.

In February 2008, Deutsche Post Beteiligungen Holding GmbH, Germany, formed Express Couriers Australia Pty Ltd., Australia, with a view to entering into a 50/50 joint venture with New Zealand Post, New Zealand. By 30 June, the joint venture had taken over business units from DHL Global Forwarding Australia. At the same time, New Zealand Post acquired a 50% interest in the company.

During the first half of 2008, the Group also made further acquisitions which neither individually nor in the aggregate had a significant effect on the Group's net assets, financial position and results of operations.

Insignificant acquisitions

€m	Amounts at the date of acquisition
ASSETS	
Property, plant and equipment	5
Non-current financial assets	2
Current assets excluding cash and cash equivalents	35
Cash and cash equivalents	15
	57
EQUITY AND LIABILITIES	
Provisions	–1
Trade payables	–23
Other liabilities	–6
	–30
Acquisition costs	49

In the first half of 2008, €392 million was spent on acquiring subsidiaries, less the cash and cash equivalents acquired (30 June 2007: €238 million). The purchase prices of the acquired companies were paid by transferring cash and cash equivalents.

3 Significant transactions

On 28 May 2008, the Supervisory Board and Board of Management of Deutsche Post World Net approved an extensive restructuring programme for the DHL express business in the USA. Key elements include a reduction in ground infrastructure costs and a planned collaboration with United Parcel Service (UPS) on air transportation. The companies plan to enter into an agreement under which responsibility for transporting the domestic and international products of DHL Express by air within North America will be transferred to UPS. In addition, DHL's infrastructure will be adapted to match actual shipment volumes. Restructuring costs associated with the planned termination of the collaboration arrangement with air transportation partners ABX Air and ASTAR Air Cargo and other one-time expenses are expected to amount to US$2 billion. By the end of the reporting period, expenses of €47 million had been recognised, of which €32 million relate to additions to provisions.

In addition, impairment losses of €22 million were recognised on the non-current assets of the EXPRESS Americas cash-generating unit in the first half of 2008.

Impairment losses were recognised on real estate (€28 million) and IT equipment (€14 million) reported as non-current assets held for sale. The write-downs are reported under other operating expenses, as the real estate and IT equipment are carried as current assets.

4 Share-based remuneration

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

Stock options

Number	SOP 2003		
	Tranche 2003	Tranche 2004	Tranche 2005
Outstanding options at 1 January 2008	1,197,538	3,170,940	8,816,004
Outstanding SARs at 1 January 2008	117,124	267,980	695,076
Options lapsed	1,500	9,376	191,208
SARs lapsed	0	0	13,032
Options exercised	883,714	394,552	0
SARs exercised	75,630	18,752	0
Outstanding options at 30 June 2008	312,324	2,767,012	8,624,796
Outstanding SARs at 30 June 2008	41,494	249,228	682,044

As at 30 June 2008, provisions for the 2006 SAR Plan and the 2006 Long-Term Incentive Plan (2006 LTIP for the Board of Management) amounted to €21 million (31 December 2007: €41 million). The issued capital increased from €1,207 million to €1,209 million following the servicing of the stock options from the 2003 and 2004 tranches. It is now composed of 1,208,748,864 no-par value registered shares.

5 Earnings per share

Basic earnings per share for the first half of 2008 were €0.55.

Basic earnings per share

	H1	
	2007	**2008**
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	784	661
Weighted average number of shares outstanding	1,203,995,035	1,208,220,011
Basic earnings per share (€)	**0.65**	**0.55**

Diluted earnings per share for the first half of 2008 were €0.55. There were 11,704,132 stock options for executives at the reporting date, 1,231,113 of which were dilutive.

Diluted earnings per share

	H1	
	2007	**2008**
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	784	661
Weighted average number of shares outstanding	1,203,995,035	1,208,220,011
Potentially dilutive shares	3,807,417	1,231,113
Weighted average number of shares for diluted earnings	1,207,802,452	1,209,451,124
Diluted earnings per share (€)	**0.65**	**0.55**

6 Related party disclosures

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There have been no material changes in related party disclosures as against 31 December 2007; see Note 52 in the 2007 Annual Report. Seven new members joined the Supervisory Board in the course of the period. No transactions took place between them and Deutsche Post AG.

7 Contingent liabilities

The Group's contingent liabilities have not changed significantly compared with 31 December 2007. The Deutsche Postbank Group had irrevocable loan commitments amounting to €22,731 million (31 December 2007: €23,480 million).

8 Other operating income and expenses

Other operating income

€m	H1	
	2007	**2008**
Income from the reversal of provisions	32	149
Income from currency translation differences	88	134
Insurance income	86	85
Income from work performed and capitalised	43	69
Gains on disposal of non-current assets	61	65
Income from the derecognition of liabilities	29	65
Rental and lease income	43	57
Commission income	9	54
Reversals of impairment losses on receivables and other assets	30	38
Income from fees and reimbursements	34	37
Income from prior-period billings	36	30
Income from derivatives	2	22
Income from loss compensation	15	11
Subsidies	7	4
Recoveries on receivables previously written off	10	4
Income from the sale of Vfw AG, Germany	59	0
Net income from investment securities (Deutsche Postbank Group)	110	–79
Miscellaneous	187	212
Other operating income	**881**	**957**

In June 2008, the provision for the funding of shortfalls in the Postal Civil Service Health Insurance Fund was reversed in the amount of €61 million. The increase in income from currency translation differences corresponds to the expenses from currency translation differences and is due to the fall in exchange rates for major foreign currencies. The decline in net income from investment securities at Deutsche Postbank Group is attributable to write-downs of structured finance securities carried out and recognised in connection with the subprime crisis.

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

Other operating expenses

€m	H1	
	2007	2008
Public relations expenses	270	275
Travel and training costs	250	246
Other business taxes	176	198
Warranty expenses, refunds and compensation payments	183	175
Consulting costs	154	165
Allowance for losses on loans and advances from financial services (Deutsche Postbank Group)	176	161
Cost of purchased cleaning, transportation and security services	151	151
Write-downs of current assets	115	147
Telecommunication costs	164	146
Expenses from currency translation differences	91	134
Office supplies	127	117
Entertainment and corporate hospitality expenses	85	88
Commissions paid	28	77
Insurance costs	73	63
Voluntary social benefits	64	60
Legal costs	35	55
Services provided by the Federal Posts and Telecommunications Agency	38	37
Prior-period other operating expenses	20	29
Expenses from derivatives	1	28
Losses on disposal of assets	21	26
Audit costs	24	25
Monetary transaction costs	16	18
Donations	16	17
Tax advisory costs	6	7
Addition to provisions	4	5
Miscellaneous	17	54
Other operating expenses	**2,305**	**2,504**

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

9 Segment reporting disclosures

As announced in November 2007 as part of the Roadmap to Value capital markets programme, segment reporting was restructured with effect from 1 January 2008. The costs of Global Business Services were allocated in full to the operating divisions. Deutsche Post AG's retail outlets were transferred to the MAIL segment. As the services area did not retain any significant opportunities and risks, it was no longer a segment within the meaning of IAS 14. The SERVICES segment was therefore dissolved. The remaining items of this segment and the entire Corporate Center are now reported in the Corporate Center/Other column. The Corporate Center/Other column also includes the consolidation of intersegment transactions.

In addition, the LOGISTICS Division was restructured and allocated between two board departments in March 2008. The new structure is reflected in the segment reporting. The LOGISTICS Division was dissolved and replaced by two new segments:

Segment	FORWARDING/FREIGHT	SUPPLY CHAIN /CIS
Business unit	DHL Global Forwarding	DHL Exel Supply Chain
	DHL Freight	Corporate Information Solutions[1]

1) The Corporate Information Solutions Business Unit was previously allocated to the MAIL segment.

Due to the new reporting structure, the goodwill attributable to the former LOGISTICS segment was allocated to the new logistics segments. Goodwill amounts to €263 million for the FORWARDING/FREIGHT segment and to €198 million for the SUPPLY CHAIN/CIS segment.

The new reporting structure reflects the increasing business volume and the different business models. The prior-year figures were restated accordingly.

10 Non-current assets held for sale and liabilities associated with non-current assets held for sale

The amounts reported as non-current assets held for sale and liabilities associated with non-current assets held for sale in accordance with IFRS 5 relate to the following items:

€m	Assets		Liabilities	
	31 Dec. 2007	30 June 2008	31 Dec. 2007	30 June 2008
Deutsche Post AG – real estate	18	978	0	0
DHL Information Services (Europe) s.r.o., Czech Republic – IT equipment	0	101	0	25
DHL Information Services (Americas), Inc., USA – IT equipment	0	39	0	0
Asia-Pacific Information Services Snd Bh, Malaysia – IT equipment	0	7	0	0
DHL Express (France) SAS – land/buildings	26	4	0	0
Deutsche Post IT Services GmbH, Germany – IT equipment	0	1	0	0
Deutsche Postbank Group – credit card and sales financing business (BHW Bank AG)	565	0	44	0
Other	6	0	0	0
Non-current assets held for sale and liabilities associated with non-current assets held for sale	**615**	**1,130**	**44**	**25**

Around €962 million relates to the sale of Deutsche Post AG real estate to US investor Lone Star, as announced in November 2007. The portfolio comprises around 1,300 properties located mainly in Germany. An initial payment of €250 million was made towards the purchase price in June 2008. The remainder of the purchase price is expected to be paid by the end of 2008. Under the terms of the agreement, the contract will take economic effect on 1 July 2008. Deutsche Post World Net will lease back the majority of the properties.

In January 2008, Deutsche Post World Net and Hewlett-Packard Services (HP) had signed a letter of intent to transfer responsibility for some of Deutsche Post World Net's global IT operations to HP Services. This covered IT operations in Prague (Czech Republic), Scottsdale (Arizona, USA), Cyberjaya (Malaysia) and a number of European countries. As at 30 June 2008, IT equipment amounting to €148 million was reported as non-current assets held for sale.

The Deutsche Postbank Group's sale of the credit card and sales financing business of BHW Bank AG was completed in the first quarter of 2008. The acquirer was Landesbank Berlin.

11 Other disclosures/Events after the balance sheet date

On 1 July 2008, the European Court of First Instance in Luxembourg annulled the European Commission's state aid ruling of 2002. At the time, the Commission had ordered Deutsche Post AG to repay purported state aid and interest amounting to €907 million to the Federal Republic of Germany. The Commission had ruled that, between 1994 and 1998, Deutsche Post AG misused state aid intended to finance the universal service as a cross-subsidy to cover its costs in the competitive market segment where it carries parcels for business customers. Deutsche Post AG appealed against the ruling in the same year. The German federal government is expected to repay the approximately €1 billion to Deutsche Post AG in the near future. The European Commission has two months within which to appeal to the European Court of Justice.

At the end of July, the Board of Management of Deutsche Post AG announced that efforts to outsource the IT infrastructure to HP would cease.

In addition, the Australian joint venture Express Couriers Australia Pty Ltd. (ECA) took over activities from New Zealand Post, New Zealand, with effect from 1 July.

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

In addition to the consolidated interim financial statements in which the Deutsche Postbank Group is fully consolidated, consolidated interim financial statements have been prepared with the Deutsche Postbank Group included at equity, as the activities of the Deutsche Postbank Group differ substantially from the ordinary activities of the other companies in Deutsche Post World Net. The Deutsche Postbank Group was excluded from full consolidation in the accompanying consolidated interim financial statements for the period ended 30 June 2008. The Deutsche Postbank Group is accounted for in these financial statements only as a financial investment carried at equity.

The accounting treatment in these additional financial statements 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.

12.1 Additional information: Income statement (Postbank at equity)

1 January to 30 June

€m	H1		Q2	
	2007 restated[1]	**2008**	**2007** restated[1]	**2008**
Revenue	26,287	26,653	13,066	13,444
Other operating income	816	1,037	395	556
Total operating income	**27,103**	**27,690**	**13,461**	**14,000**
Materials expense	–14,570	–15,230	–7,333	–7,794
Staff costs	–8,727	–8,571	–4,391	–4,312
Depreciation, amortisation and impairment losses	–777	–722	–398	–363
Other operating expenses	–1,815	–1,998	–883	–1,034
Total operating expenses	**–25,889**	**–26,521**	**–13,005**	**–13,503**
Profit from operating activities (EBIT)	**1,214**	**1,169**	**456**	**497**
Net income from associates	0	2	0	0
Net income from measurement of Deutsche Postbank Group at equity	148	118	76	60
Other financial income	58	49	21	24
Other finance costs	–525	–567	–244	–290
Net other finance costs	–467	–518	–223	–266
Net finance costs	**–319**	**–398**	**–147**	**–206**
Profit before income taxes	**895**	**771**	**309**	**291**
Income tax expense	–83	–82	–14	–24
Consolidated net profit for the period	**812**	**689**	**295**	**267**
attributable to				
Deutsche Post AG shareholders	784	661	285	254
Minorities	28	28	10	13

1) Prior-year figures restated in accordance with the consolidated financial statements.

12.2 Additional information: Balance sheet (Postbank at equity)

as at 30 June

€m	31 Dec. 2007	30 June 2008
ASSETS		
Intangible assets	12,792	12,538
Property, plant and equipment	7,826	6,736
Investment property	115	28
Investments in associates	203	189
Investments in Deutsche Postbank Group	1,662	1,141
Other non-current financial assets	754	595
Non-current financial assets	2,619	1,925
Other non-current assets	497	512
Deferred tax assets	537	565
Non-current assets	**24,386**	**22,304**
Inventories	248	283
Income tax assets	195	228
Receivables and other assets	9,377	9,562
Financial instruments	74	74
Cash and cash equivalents	1,339	1,120
Non-current assets held for sale	50	1,130
Current assets	**11,283**	**12,397**
Total assets	**35,669**	**34,701**
EQUITY AND LIABILITIES		
Issued capital	1,207	1,209
Other reserves	875	87
Retained earnings	8,976	8,550
Equity attributable to Deutsche Post AG shareholders	**11,058**	**9,846**
Minority interest	146	102
Equity	**11,204**	**9,948**
Provisions for pensions and other employee benefits	4,846	4,761
Deferred tax liabilities	467	459
Other non-current provisions	2,073	1,879
Non-current provisions	**7,386**	**7,099**
Non-current financial liabilities	3,822	3,274
Other non-current liabilities	365	377
Non-current liabilities	**4,187**	**3,651**
Non-current provisions and liabilities	**11,573**	**10,750**
Income tax provisions	213	209
Other current provisions	1,680	1,658
Current provisions	**1,893**	**1,867**
Current financial liabilities	1,156	2,185
Trade payables	5,211	4,877
Income tax liabilities	139	98
Other current liabilities	4,493	4,951
Liabilities associated with non-current assets held for sale	0	25
Current liabilities	**10,999**	**12,136**
Current provisions and liabilities	**12,892**	**14,003**
Total equity and liabilities	**35,669**	**34,701**

12.3 Additional information: Cash flow statement (Postbank at equity)

1 January to 30 June

€m	H1		Q2	
	2007 restated[1]	**2008**	**2007** restated[1]	**2008**
Net profit before taxes	**895**	**771**	**309**	**291**
Net finance costs excluding net income from measurement at equity	467	516	223	266
Net income from measurement at equity	–148	–118	–76	–60
Profit from operating activities (EBIT)	**1,214**	**1,169**	**456**	**497**
Depreciation/amortisation of non-current assets	777	722	398	363
Net income from disposal of non-current assets	–94	–41	–18	–15
Non-cash income and expense	61	70	33	56
Change in provisions	–318	–569	–197	–360
Change in other assets and liabilities	–101	–29	–56	–27
Taxes paid	–141	–184	–59	–132
Net cash from operating activities before changes in working capital	**1,398**	**1,138**	**557**	**382**
Changes in working capital				
Inventories	21	–41	5	–31
Receivables and other assets	–629	–522	–139	–133
Liabilities and other items	–1	48	116	264
Net cash from operating activities	**789**	**623**	**539**	**482**
Proceeds from disposal of non-current assets				
Divestitures	50	0	0	0
Other non-current assets	305	732	187	424
	355	**732**	**187**	**424**
Cash paid to acquire non-current assets				
Investments in companies	–295	–420	–146	–327
Other non-current assets	–791	–782	–414	–426
	–1,086	**–1,202**	**–560**	**–753**
Interest received	48	28	29	13
Postbank dividend	103	103	103	103
Current financial instruments	0	5	55	16
Net cash used in investing activities	**–580**	**–334**	**–186**	**–197**
Change in financial liabilities	296	803	527	782
Other financing activities	4	68	14	27
Dividend paid to Deutsche Post AG shareholders	–903	–1,087	–903	–1,087
Dividend paid to other shareholders	–6	–33	–4	–28
Issuance of shares under stock option plan	30	18	9	8
Interest paid	–185	–243	–77	–107
Net cash used in financing activities	**–764**	**–474**	**–434**	**–405**
Net change in cash and cash equivalents	–555	–185	–81	–120
Effect of changes in exchange rates on cash and cash equivalents	–3	–36	2	1
Changes in cash and cash equivalents due to changes in consolidated group	24	2	0	2
Cash and cash equivalents at beginning of reporting period	1,761	1,339	1,306	1,237
Cash and cash equivalents at end of reporting period	**1,227**	**1,120**	**1,227**	**1,120**

1) Prior-year figures restated in accordance with the consolidated financial statements.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements 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 financial year.

Bonn, 30 July 2008

Deutsche Post AG
The Board of Management

Dr Frank Appel

John Allan

Bruce Edwards

Jürgen Gerdes

John P. Mullen

Walter Scheurle

Hermann Ude

Review Report

To Deutsche Post AG

We have reviewed the condensed consolidated interim financial statements – comprising the income statement, balance sheet, 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 1 January to 30 June 2008 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, 30 July 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Klaus-Dieter Ruske
Wirtschaftsprüfer
(German Public Auditor)

Hans-Joachim Holte
Wirtschaftsprüfer
(German Public Auditor)

Events and Contacts

Financial calendar[1]

11 November 2008	Interim report on the first nine months of 2008, investors conference call
26 February 2009	Financials press conference and investors conference
10 March 2009	Annual Report 2008
21 April 2009	Annual General Meeting
6 May 2009	Interim report on the first quarter of 2009, investors conference call
23 July 2009	Press conference and investors conference on the first half of 2009
31 July 2009	Interim report on the first half of 2009
5 November 2009	Interim report on the first nine months of 2009, investors conference call

1) For more information on other events, updates and details of live webcasts, please visit investors.dpwn.com.

Investor events

5–7 September 2008	IAM International Investors Fair (Düsseldorf)
10–11 September 2008	UBS Best of Germany Conference (New York)
24 September 2008	Sanford C. Bernstein's Strategic Decisions Conference (London)
19 November 2008	Nomura German Swiss IR Conference 2008 (Tokyo)

Provided your mobile phone has the required software you can photograph this code to directly access the investors portal on our website.

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

Service

Ordering a copy of the interim report

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