INTERIM REPORT 2010

JANUARY TO JUNE

2

Published on 3 August 2010

Deutsche Post DHL

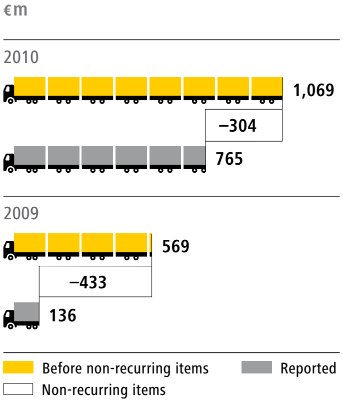
KEY FIGURES

Selected key figures (continuing operations)

		H1 2009	H1 2010	+/– %	Q2 2009	Q2 2010	+/– %
Revenue	€m	22,575	24,811	9.9	11,070	12,795	15.6
Profit from operating activities (EBIT) before non-recurring items	€m	569	1,069	87.9	257	503	95.7
Non-recurring items	€m	–433	–304	–	–148	–250	–
Profit from operating activities (EBIT)	€m	136	765	>100	109	253	>100
Return on sales[1]	%	0.6	3.1	–	1.0	2.0	–
Consolidated net profit[2]	€m	1,010	1,828	81.0	66	81	22.7
Operating cash flow	€m	–229	270	>100	46	365	>100
Net liquidity[3]	€m	–1,690	–535	–68.3	–	–	–
Earnings per share[4]	€	0.84	1.51	79.8	0.06	0.07	16.7
Number of employees[5]		436,651	420,856	–3.6	–	–	–

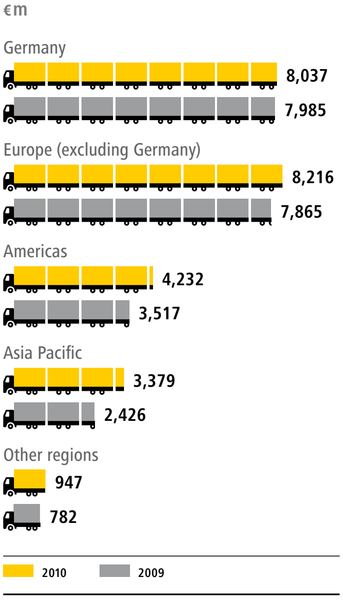
1) EBIT/revenue. 2) Excluding minorities, including Postbank. 3) Prior-year amount as at 31 December, Page 13 of the Interim Report by the Board of Management for calculation.
4) Including Postbank. 5) Average FTE.

Consolidated EBIT from continuing operations, H1



Consolidated revenue from continuing operations, H1

Consolidated revenue from continuing operations, by region, H1



H1

WHAT WE ACHIEVED IN THE FIRST HALF OF THE YEAR

We increased revenue and earnings considerably compared with the prior year, to which the global economic recovery also contributed. The restructuring measures initiated last year have led to higher margins and increased profitability across all divisions. Following on these improvements, operating cash flow was also up year-on-year. As a result, our financial position continues to be very solid.

2010

WHAT WE INTEND TO ACHIEVE BY THE END OF THE YEAR

For 2010 as a whole, we now expect consolidated EBIT before non-recurring items to reach €1.9 billion to €2.1 billion. As anticipated earlier this year, the MAIL division is likely to contribute between €1.0 billion and €1.2 billion. The DHL divisions have fared better than was forecasted at the start of the year. For them, we now assume earnings totalling around €1.3 billion. Our consolidated net profit is expected to continue to improve in line with our operating business.

CONTENTS

Dr Frank Appel

Chief Executive Officer
Deutsche Post AG

Deutsche Post DHL

2 August 2010

First half-year of 2010

Dear Shareholders,

Your company, Deutsche Post DHL, performed very well in the past six months.

The restructuring efforts initiated in the previous year have led to higher margins and increased profitability across all divisions. At the same time, we see the global economy continue its recovery in the second quarter, from which we have been able to profit as a globally operating logistics provider.

In light of these developments, consolidated revenue in the first half of 2010 has risen by 9.9% to €24.8 billion. Indeed, we reached double digit revenue growth in the second quarter and considerably increased our growth rate compared with the first quarter. Encouraging increases in volume and exchange rate gains in all DHL divisions contributed positively to this growth.

EBIT before non-recurring items improved in the first half of the year by 87.9% to nearly €1.1 billion. Operating cash flow has developed positively, showing that our financial position continues to be very solid.

Since the DHL divisions in particular have fared better than we expected at the start of the year, we are adjusting the outlook for the year as a whole, even in the event of a moderate growth rate: we now expect consolidated EBIT before non-recurring items to reach €1.9 billion to €2.1 billion. As anticipated earlier this year, the MAIL division is likely to contribute between €1.0 billion and €1.2 billion. For the DHL divisions, we now assume overall earnings totalling around €1.3 billion. Corporate Center/Other should come in just below the prior year with a result of around €–0.4 billion. Consolidated net profit is expected to continue to improve in line with our operating business.

After the sale of our day-definite domestic express business in France, we have now completed our key restructuring measures. For the second half of the year, we plan to continue enhancing our organic growth with our Strategy 2015 initiatives as well as other innovative measures.

Moreover, I am pleased that E-Postbrief has got off to a great start in July.

Yours faithfully,

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BUSINESS AND ENVIRONMENT

ORGANISATION

No material changes

In the reporting period, we did not make any material changes to the Group's organisational structure.

ECONOMIC PARAMETERS

Differentiated recovery

The first half of 2010 saw a recovery of the global economy, with emerging Asian markets showing particular strength. Overall, industrial countries showed increasing signs of recovery, albeit with wide regional differences.

The Asian countries recorded a robust economic upswing. Year-on-year GDP in China rose in the first half of 2010 by 11.1%. In Japan, the economy continued to grow in the second quarter after seeing GDP improve significantly following a rise in exports in early 2010.

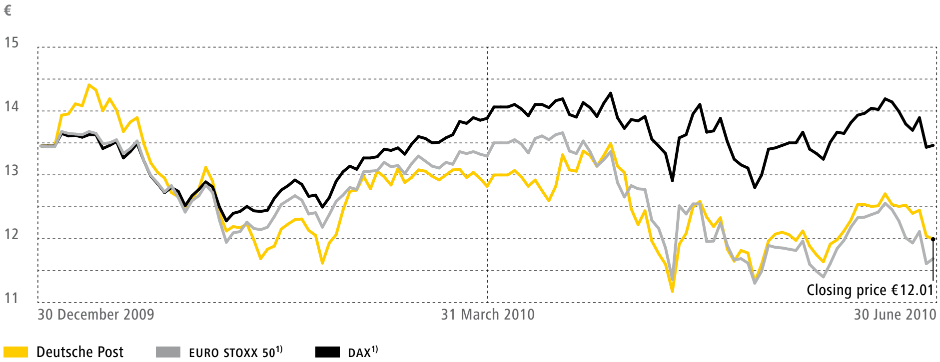
The US economy continued to regain momentum, as the increase particularly in corporate investments indicates. Private consumption and employment also saw moderate gains. However, unemployment levels remained very high and the overall capacity utilisation rate was low. The US Federal Reserve retained its key interest rate at 0% to 0.25% in a continued effort to prop up the economy.

Economic output in the euro zone was again up slightly at the beginning of the year. In the spring, the economic drivers gained momentum, which boosted industrial production in particular. The global rise in demand coinciding with a weakening of the euro benefited the euro zone as a whole. Whilst in some countries the economic drivers strengthened considerably, several of the southern member states suffered from the swelling debt crisis and the intensified measures to consolidate national budgets. The European Central Bank held its key interest rate at 1% to further sustain the economy, with inflation remaining moderate.

According to the information available, the German economy saw a substantial upturn in the second quarter, with exceptionally strong growth in industrial production. In the aftermath of the harsh winter, the spring saw a sharp rise in construction activities coupled with a noticeable drop in unemployment. The ifo Business Climate Index remained high and continued to rise.

DEUTSCHE POST SHARES

Share price performance



1) Rebased to the closing price of Deutsche Post shares on 30 December 2009.

Economic concerns on the global capital markets impact our share price performance

The strained financial position of some countries in the euro zone and the devaluation of the euro that resulted were decisive factors on the stock exchanges in the second quarter. Moreover, the measures introduced by the European Union (EU) fuelled fears of a marked slowdown in the economy, which also weighed on the performance of our shares.

Deutsche Post shares were down a total of 11% from the start of the year, ending the quarter on 30 June 2010 at €12.01. The drop was 6.5% compared with the preceding quarter. The DAX fluctuated only slightly over the course of the year, closing the second quarter at 5,965.52 points. The broader EURO STOXX 50 came under pressure, particularly in the second quarter, and lost 13% of its value in the first six months of the year.

The average trading volume of our shares was 6.2 million shares per day. Although this was still slightly below the prior-year volume (6.5 million shares), it was up by around one million shares compared with the first quarter of 2010.

Deutsche Post shares, H1

		2009	2010
Number of shares 1)	millions	1,209.0	1,209.0
Closing price 1)	€	13.49	12.01
Market capitalisation 1)	€m	16,309	14,520
High 2)	€	11.66	14.46
Low 2)	€	6.65	11.18
Average trading volume per day 2)	shares	6,495,148	6,220,669

1) At 30 December 2009 and 30 June 2010.
2) In the first half of the year.

Peer group comparison: closing prices

		30 Dec. 2009	30 June 2010	+/– %	30 June 2009	30 June 2010	+/– %
Deutsche Post DHL	€	13.49	12.01	–11.0	9.29	12.01	29.3
TNT	€	21.36	20.78	–2.7	13.85	20.78	50.0
FedEx	US$	85.17	70.11	–17.7	55.62	70.11	26.1
UPS	US$	58.18	56.89	–2.2	49.99	56.89	13.8
Kuehne + Nagel	CHF	100.50	111.80	11.2	85.10	111.80	31.4

EARNINGS, FINANCIAL POSITION AND ASSETS AND LIABILITIES

THE GROUP'S ECONOMIC POSITION

Overall assessment by the Board of Management

The global economic recovery continued in the first half of 2010. As a globally operating logistics service provider, Deutsche Post DHL benefited noticeably from this recovery: revenue and earnings were up considerably compared with the prior year. The restructuring measures initiated last year have led to higher margins and increased profitability across all divisions. Following on these improvements, operating cash flow was also up year-on-year. As a result, our financial position continues to be very solid.

SIGNIFICANT EVENTS

Board of Management and Supervisory Board actions approved by a large AGM majority

We reported on this year's Annual General Meeting (AGM), which was held on 28 April 2010, and the key resolutions passed there on page 24 of the Interim Report for the period from January to March 2010.

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EARNINGS

Changes in reporting and portfolio

At the beginning of the year, we transferred DHL Express Sweden's domestic business to DHL Freight Sweden to enable us to meet changing customer requirements more efficiently. The prior-year segment reporting figures were adjusted accordingly.

At the beginning of March, DHL Express UK completed the sale of its day-definite domestic business. All assets and liabilities had previously been classified as held for sale.

In April, DHL Supply Chain Austria sold parts of its contract logistics operations. The transaction involved the temperature-controlled logistics and transport business.

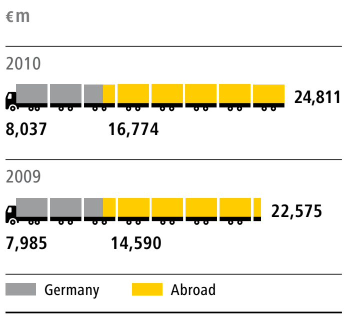
At the end of June, DHL Express France sold its day-definite domestic business. All assets and liabilities had already been classified as held for sale as at 31 December 2009.

In accordance with the revised IAS 39, the previously unrecognised forward sale of 27.4% of Postbank's shares to Deutsche Bank has been recognised in profit and loss and is included for the first time at its fair value in net financial income.

Increase in consolidated revenue from continuing operations

Consolidated revenue from continuing operations rose by €2,236 million or 9.9% year-on-year in the first half of 2010 to €24,811 million. Positive currency effects of €787 million contributed to this. The share of revenue generated abroad also rose from 64.6% to 67.6%.

Consolidated revenue from continuing operations, H1



Higher volumes lead to increased expenses

The restructuring measures initiated in the previous year led to non-recurring expenses of €304 million in the reporting period, which were mainly incurred in the EXPRESS division (€272 million). Non-recurring expenses of €433 million were incurred in the comparable prior-year period.

At €979 million, other operating income for the first half of the year was down 9.0% on the figure for the previous year, which included higher income from the reversal of unused restructuring provisions.

Note 5

Volume growth coupled with an increase in the oil price led to a rise in the materials expense for the first half from €12,471 million to €13,930 million.

In contrast, staff costs declined by €216 million or 2.5% to €8,323 million, primarily due to restructuring in the express business.

At €641 million, depreciation, amortisation and impairment losses were also €100 million below the prior-year figure. The restructuring of the US express business had resulted in prospective recognition of part of this item.

At €2,131 million, other operating expenses were up 20.8% on the figure for the previous year; this was due in particular to an increase in expenses attributable to asset disposal. This figure includes effects relating to the sales in the United Kingdom, France and Austria mentioned earlier.

Note 6

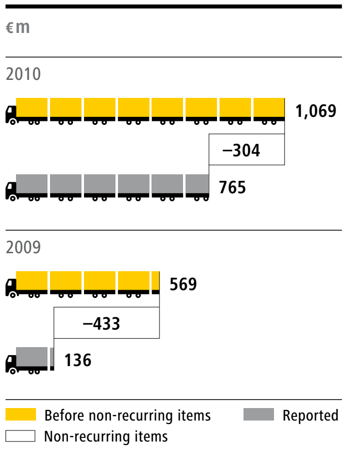
Increased EBIT and net financial income

At €765 million, profit from operating activities (EBIT) from continuing operations was €629 million up on the previous year's figure of €136 million. EBIT also improved after adjustment for non-recurring restructuring items – amounting to €304 million in the reporting period and €433 million in the prior-year period – by 87.9% to €1,069 million.

Net financial income almost doubled, from €610 million to €1,186 million. In 2010, this figure includes for the first time the measurement of the forward from the second tranche of the Postbank sale in the amount of €1,451 million.

We were able to increase profit before income taxes by €1,205 million to €1,951 million, whereas income tax expense fell by €62 million to €88 million. The measurement of the derivatives from the Postbank sale has no effect on tax. Overall, profit from continuing operations improved by €1,267 million to €1,863 million in the first half of 2010 (previous year: €596 million).

Consolidated EBIT from continuing operations, H1



Postbank included in net income from associates

Since Postbank was deconsolidated at the end of February 2009, the previous year's profit from discontinued operations contains the net loss generated in the first two months and the deconsolidation effect of €444 million. In the reporting period, the Group's share of Postbank's profit or loss is included in net income from associates.

Consolidated net profit and earnings per share up considerably

Consolidated net profit for the period improved by €835 million or 81.2% to €1,863 million (previous year: €1,028 million). €1,828 million of this amount is attributable to shareholders of Deutsche Post AG and €35 million to minorities. Both basic and diluted earnings per share rose significantly from €0.84 to €1.51 per share.

Selected indicators for results of operations (continuing operations)

		H1 2009	H1 2010	Q2 2009	Q2 2010
Revenue	€m	22,575	24,811	11,070	12,795
Profit from operating activities (EBIT) before non-recurring items	€m	569	1,069	257	503
Profit from operating activities (EBIT)	€m	136	765	109	253
Return on sales [1]	%	0.6	3.1	1.0	2.0
Consolidated net profit for the period [2]	€m	1,010	1,828	66	81
Earnings per share [3]	€	0.84	1.51	0.06	0.07

1) EBIT/revenue.
2) Excluding minorities, including Postbank.
3) Including Postbank.

FINANCIAL POSITION

Significant increase in funds from operations

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The principles and aims of financial management presented in the 2009 Annual Report starting on page 35 are still valid and are being pursued unchanged. We are also continuing to implement unchanged the Group's new finance strategy, whose main features are described on page 8 of the Interim Report for the period January to March 2010. It builds on the principles and aims of financial management and was adopted by the Supervisory Board in March.

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As part of our finance strategy, we have introduced the dynamic performance metric of "FFO to debt", which is calculated on a rolling 12-month basis. The definition of this metric and the methodology used to calculate its individual components correspond to those used by the rating agency Standard & Poor's.

standardandpoors.com

Ratio of funds from operations (FFO) to debt

€m	1 Jan. to 31 Dec. 2009	1 July 2009 to 30 June 2010
Operating cash flow before changes in working capital	763	1,648
+ Interest and dividends received	103	66
– Interest paid	291	198
+ Adjustment for operating leases	1,082	1,082
+ Adjustment for pensions	153	153
± Non-recurring items	1,415	955
= Funds from operations (FFO)	**3,225**	**3,706**
Reported financial liabilities[1]	7,439	7,487
– Financial liabilities related to the sale of Deutsche Postbank AG[1]	3,990	4,075
– Financial liabilities recognised at fair value through profit or loss[1]	141	137
+ Adjustment for operating leases[2]	4,933	4,933
+ Adjustment for pensions[2]	5,221	5,221
– Surplus cash and near-cash investments[1,3]	3,864	2,583
= Debt	**9,598**	**10,846**
FFO to debt (%)	**33.6**	**34.2**

1) As at 31 December 2009 and 30 June 2010 respectively.
2) As at 31 December 2009.
3) Surplus cash and near-cash investments are defined as cash and cash equivalents and no-notice investment funds, less cash needed for operations.

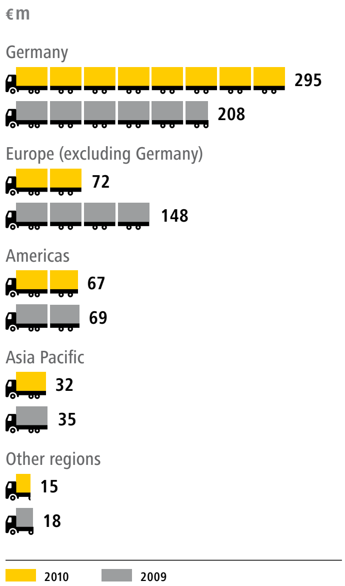
Although funds from operations increased substantially, the performance metric only improved slightly due to the prepayment made to *Bundes-Pensions-Service für Post und Telekommunikation* and the dividend payment.

Page 11
Page 12

Our credit rating was reviewed in the second quarter of 2010 by international rating agencies Standard & Poor's and Moody's Investors Service. Both agencies confirmed their ratings of BBB+ and Baa1, and Standard & Poor's also upgraded its outlook from "negative" to "stable". The Group's credit quality therefore continues to be rated as adequate by both agencies.

Our liquidity is sufficient, due in part to the sale of Postbank. As a result, only an average of around 7.3% (previous year: 7.4%) of our unsecured committed credit lines were used in the reporting period. The total volume of these credit lines is currently €2.8 billion, €200 million of which had been used as at 30 June 2010. As at 30 June 2010, the Group had cash and cash equivalents of €2.1 billion. There are also no-notice investment funds of €1.3 billion that are reported as current financial assets in the balance sheet.

Investments by region, H1



Capital expenditure increases in the second quarter

The Group's aggregate capital expenditure (capex) totalled €481 million as at the end of June 2010, which reflects a slight year-on-year increase of 0.6% (previous year: €478 million). Funds were used mainly to replace and expand assets as follows: €409 million was invested in property, plant and equipment, and €72 million in intangible assets excluding goodwill. Investments in property, plant and equipment related mainly to advance payments and assets under development (€139 million), technical equipment and machinery (€92 million), transport equipment (€53 million), aircraft (€41 million) and IT equipment (€35 million).

Our regional investments focused mainly on Europe and the Americas. In Europe, investments were centred on Germany and the UK.

Capex and depreciation, amortisation and impairment losses, H1

€m	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Continuing operations	
	2009	2010	2009[1]	2010	2009[1]	2010	2009	2010	2009	2010	2009	2010
Capex	117	194	160	104	36	37	99	86	66	60	478	481
Depreciation, amortisation and impairment losses	170	141	216	192	57	49	164	151	134	108	741	641
Ratio of capex to depreciation, amortisation and impairment losses	0.69	1.38	0.74	0.54	0.63	0.76	0.60	0.57	0.49	0.56	0.65	0.75

1) Adjusted for €4 million due to reclassification of DHL Express Sweden from EXPRESS to GLOBAL FORWARDING, FREIGHT.

Capex and depreciation, amortisation and impairment losses, Q2

€m	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Continuing operations	
	2009	2010	2009[1]	2010	2009[1]	2010	2009	2010	2009	2010	2009	2010
Capex	70	112	88	63	16	19	39	49	24	43	237	286
Depreciation, amortisation and impairment losses	86	72	106	103	29	25	84	77	68	46	373	323
Ratio of capex to depreciation, amortisation and impairment losses	0.81	1.56	0.83	0.61	0.55	0.76	0.46	0.64	0.35	0.93	0.64	0.89

1) Adjusted for €2 million due to reclassification of DHL Express Sweden from EXPRESS to GLOBAL FORWARDING, FREIGHT.

In the first half of 2010, capex in the MAIL division increased from €117 million to €194 million. These investments related primarily to technical equipment and machinery (€71 million) as well as advance payments and assets under development (€60 million). The domestic mail business invested mainly in the replacement of technical equipment and machinery. Investments in the domestic parcel business focused primarily on sorting machines in the parcel centres.

In the EXPRESS division, capex totalled €104 million in the first half of 2010 (previous year, adjusted: €160 million). Here funds were principally allocated to regulatory aircraft maintenance, including advance payments and assets under development (€32 million). Regionally, we focused on Europe, where we upgraded terminals in Scandinavia, Italy and the Netherlands. In the Americas, we invested mainly in technical equipment and machinery and IT as part of the restructuring of our US express business.

In the GLOBAL FORWARDING, FREIGHT division, €37 million was invested in the reporting period (previous year, adjusted: €36 million). The Global Forwarding business unit accounted for €24 million of this expenditure. Investments were made mainly in intangible assets (€10 million) and IT equipment (€4 million). A total of €13 million was invested in the Freight business unit, a year-on-year increase of €2 million. Of this amount, €11 million related to property, plant and equipment and €2 million to intangible assets.

SUPPLY CHAIN capex amounted to €86 million. This represents a decrease of 13.1% on the same period in the previous year (€99 million), a result of our rigid controls on replacement investments and new projects. In the Americas, capex in the first half of 2010 focused mainly on new business projects in the Retail, Consumer and Automotive sectors. Customer-funded projects in the Retail and Energy sectors accounted for most of the replacement investments. In the UK, we continued to invest in warehousing and transport solutions for new and existing customers. Investments in other parts of Europe were limited to new and existing business solutions and essential replacements.

Cross-divisional capex continued to decline, dropping from €66 million in 2009 to €60 million in the first half of 2010. The purchase of vehicles and IT accounted for the highest share of expenditure. IT expenditure was down as a result of restructuring in 2009, whilst investments in vehicles were up.

Cash flow statement for continuing operations

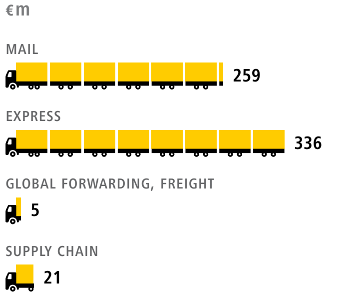
Selected indicators on financial position (continuing operations)

€m

	H1 2009	H1 2010
Cash and cash equivalents as at 30 June	3,222	2,065
Change in cash and cash equivalents	1,613	–1,099
Net cash used in/from operating activities	–229	270
Net cash used in investing activities	–326	–343
Net cash from/used in financing activities	2,168	–1,026

Net cash from operating activities amounted to €270 million in the first half of 2010. Compared to this, in the prior-year period, net cash of €229 million had been used in operating activities. This clear improvement is due primarily to the €629 million increase in EBIT. The losses on the disposal of assets, which reduced EBIT by €255 million in the reporting period, have been corrected in the line item net income from disposal of non-current assets. The cash flow that resulted is presented in net cash used in investing activities. A decline in the utilisation of provisions also had a positive effect. Overall, net cash from operating activities before changes in working capital improved from €6 million in the previous year to €891 million in the reporting period. Changes in working capital, on the other hand, increased by €386 million, particularly as a result of the rise in receivables and other assets. The routine payment to *Bundes-Pensions-Service* made in January of each year led to an operating cash outflow totalling €556 million.

Operating cash flow by division, H1 2010



At €343 million, net cash used in investing activities was on par with the previous year (€326 million). Proceeds from the disposal of non-current assets are negative, since this item contains the cash flows from the sales of the day-definite domestic express business in the UK and France. The reduction in investments in investment funds was the main reason for the cash inflow of €293 million from changes in current financial assets.

Taken together, changes in cash flows from operating and investing activities resulted in free cash flow of €–73 million, an improvement of €482 million in comparison to the prior-year figure.

Net cash used in financing activities amounted to €1,026 million, as opposed to net cash from financing activities of €2,168 million in the previous year resulting from the subscription of the mandatory exchangeable bond by Deutsche Bank and the payment of the collateral for the put option for the remaining Postbank shares. The largest cash payment in this area, as is regularly the case in the first half of the year, was the dividend payment to our shareholders in the amount of €725 million.

Compared with 31 December 2009, cash and cash equivalents fell from €3,064 million to €2,065 million due to the changes to the cash flows from the individual activities of our continuing operations.

ASSETS AND LIABILITIES

Group's total assets increase

The Group's total assets amounted to €37,415 million as at 30 June 2010, €2,677 million (7.7%) more than at 31 December 2009.

The major part of this increase (€2,422 million) was attributable to non-current assets, which amounted to €24,444 million on the reporting date. In particular, non-current financial assets increased from €1,448 million to €2,925 million as a result of the measurement of the derivatives from the Postbank sale. Intangible assets increased by €648 million to €12,182 million, primarily because of a rise in goodwill due to currency translation differences. Property, plant and equipment, at €6,183 million, was more or less at its 31 December 2009 level, whereas investments in associates rose by €80 million to €1,852 million. In particular, Postbank's profit had a positive effect here. Deferred tax assets increased from €668 million to €848 million as at the reporting date.

Current assets rose by 2.0%, from €12,716 million to €12,971 million. Trade receivables in particular rose as a result of the higher sales volume, climbing €870 million to €5,779 million. Other current assets also rose significantly, due in particular to the deferral of the prepaid annual contribution to the *Bundes-Pensions-Service*. In contrast, cash and cash equivalents decreased compared with 31 December 2009 from €3,064 million to €2,065 million. Amongst other things, the dividend payment to shareholders reduced this item by €725 million. Current financial assets declined from €1,894 million to €1,671 million, mainly because we reduced current money market investments. The completion of the sale of DHL Express UK's and DHL Express France's day-definite domestic business was the main reason for the decline in assets held for sale from €179 million to €123 million.

Equity attributable to Deutsche Post AG shareholders increased by €1,898 million (23.2%) compared with 31 December 2009, to €10,074 million. This was mainly due to the improvement in the consolidated net profit and currency translation differences, whereas the dividend payment to our shareholders reduced this figure.

Current and non-current liabilities increased by €825 million compared with 31 December 2009 to €17,613 million, primarily because trade payables rose in line with the increasing volume of business. In addition, income tax liabilities rose by €105 million to €397 million. The completion of the sale of the day-definite domestic express business in the UK and France led to the derecognition in full of the liabilities associated with the assets held for sale. At €7,487 million, financial liabilities were slightly up on the reporting date for the comparative period (€7,439 million). Other non-current and current liabilities increased from €4,046 million to €4,377 million, primarily because a rise in amounts payable to employees led to an increase in other current liabilities. At €9,633 million, non-current and current provisions were slightly below the figure for 31 December 2009 (€9,677 million).

Indicators for continuing operations

Net liquidity declined from €1,690 million as at 31 December 2009 to €535 million as at 30 June 2010, because our investing and, in particular, our financing activities led to cash outflows. The equity ratio improved by 3.4 percentage points to 27.2%. The decrease in net liquidity also had an effect on net gearing, which changed from –25.7% to –5.6%.

Selected indicators for net assets (continuing operations)

		31 Dec. 2009	30 June 2010
Equity ratio	%	23.8	27.2
Net liquidity	€m	–1,690	–535
Net gearing	%	–25.7	–5.6
FFO to debt[1]	%	33.6	34.2

1) For calculation, page 9 of the Interim Report by the Board of Management.

Net liquidity

€m

	31 Dec. 2009	30 June 2010
Non-current financial liabilities	6,699	6,701
+ Current financial liabilities	740	786
= Financial liabilities	7,439	7,487
– Cash and cash equivalents	3,064	2,065
– Current financial assets	1,894	1,671
– Long-term deposits[1]	120	120
– Positive fair value of non-current financial derivatives[1]	805	2,284
= Financial assets	5,883	6,140
– Financial liabilities to Williams Lea minority shareholders	23	27
– Mandatory exchangeable bond[2]	2,670	2,732
– Collateral for the put option[2]	1,200	1,223
+ Net effect from measurement of Postbank derivatives[3]	647	2,100
= Non-cash adjustments	3,246	1,882
Net liquidity (–)/net debt (+)	**–1,690**	**–535**

1) Reported in non-current financial assets in the balance sheet.
2) Reported in non-current financial liabilities in the balance sheet.
3) Reported in non-current financial assets and liabilities in the balance sheet.

DIVISIONS

OVERVIEW

Key figures by operating division

		H1 2009 adjusted	H1 2010	+/– %	Q2 2009 adjusted	Q2 2010	+/– %
MAIL							
Revenue	€m	6,695	6,652	–0.6	3,209	3,206	–0.1
of which Mail Communication	€m	2,872	2,816	–1.9	1,364	1,347	–1.2
Dialogue Marketing	€m	1,295	1,264	–2.4	612	597	–2.5
Press Services	€m	414	402	–2.9	203	197	–3.0
Parcel Germany	€m	1,211	1,269	4.8	588	619	5.3
Retail Outlets	€m	394	388	–1.5	196	192	–2.0
Global Mail	€m	840	837	–0.4	407	414	1.7
Pension Service	€m	46	45	–2.2	26	25	–3.8
Consolidation/Other	€m	–377	–369	2.1	–187	–185	1.1
Profit from operating activities (EBIT) before non-recurring items	€m	578	633	9.5	171	243	42.1
Profit from operating activities (EBIT)	€m	557	629	12.9	150	241	60.7
Return on sales[1]	%	8.3	9.5	–	4.7	7.5	–
Operating cash flow	€m	142	259	82.4	238	272	14.3
EXPRESS							
Revenue	€m	4,810	5,488	14.1	2,407	2,868	19.2
of which Europe	€m	2,589	2,537	–2.0	1,294	1,260	–2.6
Americas	€m	707	893	26.3	347	484	39.5
Asia Pacific	€m	1,202	1,610	33.9	616	880	42.9
EEMEA (Eastern Europe, the Middle East and Africa)	€m	522	591	13.2	261	312	19.5
Consolidation/Other	€m	–210	–143	31.9	–111	–68	38.7
Profit/loss from operating activities (EBIT) before non-recurring items	€m	–55	352	>100	65	198	>100
Profit/loss from operating activities (EBIT)	€m	–443	80	>100	–51	–30	41.2
Return on sales[1]	%	–9.2	1.5	–	–2.1	–1.0	–
Operating cash flow	€m	–560	336	>100	–173	255	>100
GLOBAL FORWARDING, FREIGHT							
Revenue	€m	5,410	6,728	24.4	2,663	3,611	35.6
of which Global Forwarding	€m	3,784	4,992	31.9	1,861	2,716	45.9
Freight	€m	1,672	1,789	7.0	828	922	11.4
Consolidation/Other	€m	–46	–53	–15.2	–26	–27	–3.8
Profit from operating activities (EBIT) before non-recurring items	€m	129	156	20.9	79	102	29.1
Profit from operating activities (EBIT)	€m	113	152	34.5	68	99	45.6
Return on sales[1]	%	2.1	2.3	–	2.6	2.7	–
Operating cash flow	€m	405	5	–98.8	151	15	–90.1
SUPPLY CHAIN							
Revenue	€m	6,206	6,517	5.0	3,061	3,387	10.7
of which Supply Chain	€m	5,607	5,871	4.7	2,766	3,051	10.3
Williams Lea	€m	598	645	7.9	294	336	14.3
Profit from operating activities (EBIT) before non-recurring items	€m	58	136	> 100	16	72	> 100
Profit from operating activities (EBIT)	€m	50	112	> 100	16	55	> 100
Return on sales[1]	%	0.8	1.7	–	0.5	1.6	–
Operating cash flow	€m	60	21	–65.0	26	–29	>–100

1) EBIT/revenue.

MAIL

Revenue slightly below prior-year level

Revenue in the first half of 2010, which had one additional working day, was €6,652 million and therefore slightly below the prior year's figure of €6,695 million. The sharp declines in revenue resulting from the economic crisis are behind us. Exchange rate gains amounted to €9 million.

Mail business revenue and volumes stable

Revenue in the Mail Communication business unit fell only slightly in the reporting period, from €2,872 million to €2,816 million. The increasing use of electronic means of communication is resulting in ongoing shrinkage of the market. Since the first quarter of 2010 the economy is no longer intensifying this trend. Indeed, sales volumes in the second quarter were at prior-year levels. We retained and regained quality-conscious customers; however, some of our customers turned to competitors as a consequence of a higher sensitivity to prices in light of the poor economic conditions.

Mail Communication: volumes

mail items (millions)

	H1 2009	H1 2010	+/– %	Q2 2009	Q2 2010	+/– %
Business customer letters	3,328	3,262	–2.0	1,544	1,536	–0.5
Private customer letters	606	594	–2.0	290	283	–2.4
Total	**3,934**	**3,856**	**–2.0**	**1,834**	**1,819**	**–0.8**

Customers still advertising less

In times of economic difficulty, customers change their advertising behaviour, a tendency that we continue to observe in the Dialogue Marketing business unit. Mail-order companies, in particular, are investing less in advertising. Overall volumes declined for both addressed and unaddressed advertising mail in the first half of 2010. Revenue fell from €1,295 million in 2009 to €1,264 million in 2010, a decrease of 2.4%.

Dialogue Marketing: volumes

mail items (millions)

	H1 2009	H1 2010	+/– %	Q2 2009	Q2 2010	+/– %
Addressed advertising mail	3,034	2,964	–2.3	1,469	1,444	–1.7
Unaddressed advertising mail	2,239	2,086	–6.8	1,038	969	–6.6
Total	**5,273**	**5,050**	**–4.2**	**2,507**	**2,413**	**–3.7**

Newspaper and magazine market continues downward trend

Revenue in the Press Services business unit amounted to €402 million in the reporting period, 2.9% below the prior-year figure of €414 million. Falling circulations and the discontinuation of some publications could be observed in the declining newspaper and magazine market. By contrast, the average publication weights were stable.

Parcel business profits from e-commerce

Revenue in the Parcel Germany business unit in the first six months of 2010 exceeded the previous year's high figure of €1,211 million by 4.8%, reaching €1,269 million. Revenue growth was even more impressive in the second quarter, which saw mail-order companies profit from the economic upturn. In fact, we were able to more than compensate for the losses incurred as a result of the insolvency of Quelle GmbH, one of our customers. At the same time, mail-order business is growing alongside expanding e-commerce, a trend that was reflected in our higher business customer volumes.

Parcel Germany: volumes

parcels (millions)

	H1 2009	H1 2010	+/– %	Q2 2009	Q2 2010	+/– %
Business customer parcels[1]	310	318	2.6	151	157	4.0
Private customer parcels	52	52	0	25	24	–4.0
Total	**362**	**370**	**2.2**	**176**	**181**	**2.8**

1) Including intra-Group sales.

Retail outlet revenue near prior-year level

Revenue generated by our some 17,000 outlets and sales points reached €388 million in the first half of 2010, which is near the prior year's figure of €394 million.

International mail business sees operating revenue growth

At €837 million, revenue in the Global Mail business unit was on par with the previous year (€840 million) in the reporting period and increased by 1.7% in the second quarter. The sale of DHL Global Mail Services SAS in France reduced revenue by €41 million. We saw encouraging revenue growth in our international operating mail business, especially in the US. In our traditional import and export business, however, we observed that customers are becoming more price sensitive due to the economic crisis.

Mail International: volumes

mail items (millions)

	H1 2009	H1 2010	+/– %	Q2 2009	Q2 2010	+/– %
Global Mail	3,373	3,206	–5.0	1,758	1,629	–7.3

Earnings up significantly year-on-year

The division's EBIT saw encouraging growth, climbing from €557 million to €629 million in the first half of 2010 and from €150 million to €241 million in the second quarter. Non-recurring expenses of €4 million were incurred for restructuring in the reporting period. Primarily through strict cost management, we were able to more than offset the loss in revenue from the sale of DHL Global Mail Services SAS in France as well as increases in wages and costs.

Operating cash flow in the first half of 2010 was €259 million (previous year: €142 million). Annual payments to *Bundes-Pensions-Service für Post und Telekommunikation* routinely affect this figure each year in the first quarter. Return on sales amounted to 9.5%.

EXPRESS

Revenue and shipment volumes up

In the first half of 2010, the division's revenue increased by 14.1% to €5,488 million (previous year: €4,810 million). The continuing recovery of the global economy contributed to the improvement. Revenue was also positively impacted by exchange rate gains totalling €231 million. The increase in revenue was 10.8% when measured in local currencies and adjusted for the acquisition of Shanghai Quanyi Express Co. Ltd. for our domestic Chinese business as well as the sale of our day-definite domestic business in the UK.

This organic growth can be attributed mainly to a sharp year-on-year rise of 5.7% in per-day shipment volumes in our Time Definite International (TDI) product line as well as higher fuel surcharge revenues. Weight per shipment in the TDI product line showed a significant increase of 13.9% on the prior year, a further indication of the sustained recovery of our international business activities.

The upward business trend of the first quarter continued steadily in the second quarter with daily shipment volumes rising by 5.5% in the TDI product line. The decline in the Day Definite Domestic product line was primarily attributable to the sale of our day-definite domestic business in the UK.

EXPRESS: revenue by product

€m per day

	H1 2009	H1 2010	+/– %	Q2 2009	Q2 2010	+/– %
Time Definite International	22.1	24.7	11.8	22.4	25.6	14.3
Time Definite Domestic	4.2	4.5	7.1	4.2	4.6	9.5
Day Definite Domestic	6.3	5.3	–15.9	6.3	4.9	–22.2

EXPRESS: volumes by product

thousands of items per day

	H1 2009	H1 2010	+/– %	Q2 2009	Q2 2010	+/– %
Time Definite International	460	486	5.7	470	496	5.5
Time Definite Domestic	564	635	12.6	569	641	12.7
Day Definite Domestic	769	565	–26.5	770	472	–38.7

International business in the Europe region recovers

Revenue in the Europe region dropped slightly by 2.0% to €2,537 million in the first half of 2010 (previous year: €2,589 million). This figure includes exchange rate gains of €44 million, which were recorded primarily in our central Europe, UK and Scandinavia business. Adjusted for these effects as well as the March 2010 sale of our day-definite domestic business in the UK, organic revenue remained at the previous year's level, thereby retaining our market position. Boosted by the global economic recovery, daily shipment volumes in our international TDI product line increased by 4.5% despite the highly competitive environment. This strong growth compared with the previous year has fortified our leading market position in this product line.

International business in the Americas region performs well

Since February 2009, we no longer offer a domestic express product in the United States and in the course of restructuring our US business we have massively reduced our cost structure there. Revenue in the Americas region – which comprises the US as well as the International Americas (Latin America, Canada and the Caribbean) – climbed by 26.3% to €893 million in the first half of 2010 (previous year: €707 million). This figure includes exchange rate gains of €39 million. Measured in local currencies, revenue was up 20.8% in the reporting period. Our international business in the US also contributed to this organic revenue growth and continued to perform very well.

Higher shipment volumes in the Asia Pacific region

Including exchange rate gains of €121 million and the acquisition in China, revenue in the Asia Pacific region grew by 33.9% to €1,610 million in the first six months of 2010 (previous year: €1,202 million). Adjusted for these effects, organic revenue registered extremely good results given the general economic climate in the region with a rise of 21.7% compared with the prior year. This performance was largely the result of an upward trend in volumes and higher fuel surcharge revenues. Encouragingly, daily shipment volumes in all product lines outperformed the prior year.

Volumes up in the EEMEA region

In the EEMEA region (Eastern Europe, the Middle East and Africa), revenue increased by 13.2% to €591 million in the first half of 2010 (previous year: €522 million). Daily shipment volumes have been on a consistent, positive trend compared with the prior-year period.

Significant improvement in EBIT before non-recurring items

The division's EBIT improved from €–443 million to €80 million in the first half of 2010. This figure rises to €352 million when adjusted for restructuring costs of €272 million – an impressive year-on-year increase of €407 million.

In the second quarter of 2010, EBIT rose from €–51 million in the prior-year period to €–30 million. Adjusted for restructuring costs, EBIT increased by €133 million to €198 million (previous year: €65 million), corresponding to a margin of 6.9%.

The restructuring of our express business is on track. Global revenue is recovering and additional cost savings are taking effect.

Operating cash flow, which includes cash outflows for restructuring, improved from €–560 million in the first half of 2009 to €336 million in the first half of 2010. Operating cash flow for the second quarter increased from €–173 million to €255 million year-on-year.

GLOBAL FORWARDING, FREIGHT

Lively global trade raises revenue and volumes in freight forwarding business

The GLOBAL FORWARDING, FREIGHT division increased revenue in the first half of 2010 by 24.4% to €6,728 million (previous year: €5,410 million). The total includes exchange rate gains of €288 million as a result of the weak euro. Revenue grew organically by 19.0% in the reporting period. Overall, global trade picked up considerably in the first half of 2010; our freight forwarding business also reflected this positive trend.

The Global Forwarding business unit generated €4,992 million in revenue in the first half of the year, up 31.9% on the prior-year figure of €3,784 million. The increase was 25.6% after adjustment for exchange rate gains of €240 million. Despite continued high freight rates and fuel prices, we were able to improve gross profit by 9.8% from €989 million to €1,086 million.

Air and ocean freight volumes continue to rise

Transport volumes increased clearly compared with the prior year. Demand for transport services has risen in both the air and ocean freight sectors. Limited freight capacities therefore increased the prices of transport services considerably. Since the first quarter, we have been increasingly able to pass on these higher prices to our customers. Freight rates have remained extraordinarily high, especially on trans-Pacific trade lanes. Our gross profit margin in the reporting period reflected this.

Air freight volumes in the first half of the year gained 31.2% on the previous year and are now only 3% below the levels in the first half of 2008, i.e., pre-crisis levels. Second quarter volumes were 5% above the first quarter. The air freight market also benefited, albeit more modestly, from low inventories in many industries since this boosted demand for fast-transit products. Industries that suffered the most during the crisis, such as the high-tech sector, are now growing the fastest again. Thus, volume and revenue increases largely originated in Asia. Air freight revenue in the first half of the year was up 42.9% on the prior year.

Our global air freight network responded rapidly and successfully to the air space closures throughout the EU due to the volcanic eruption in Iceland. We procured multimode transport solutions and additional charter capacities. Our customers were therefore able to minimise freight backlogs and in some cases avoid plant shutdowns.

Global Forwarding: revenue

€m	H1 2009 adjusted	H1 2010	+/– %	Q2 2009 adjusted	Q2 2010	+/– %
Air freight	1,775	2,536	42.9	874	1,367	56.4
Ocean freight	1,235	1,556	26.0	579	853	47.3
Other	774	900	16.3	408	496	21.6
Total	**3,784**	**4,992**	**31.9**	**1,861**	**2,716**	**45.9**

Global Forwarding: volumes

thousands

		H1 2009	H1 2010	+/– %	Q2 2009	Q2 2010	+/– %
Air freight	tonnes	1,623	2,130	31.2	850	1,093	28.6
of which exports	tonnes	943	1,184	25.6	495	603	21.8
Ocean freight	TEU[1]	1,220	1,374	12.6	645	712	10.4

1) Twenty-foot equivalent units.

Our ocean freight business outperformed the market, recording a 12.6% year-on-year increase in volume over the market's roughly 11% growth. Volumes were 3% above the first half of 2008 and 8% above the first quarter of 2010. Revenue in the reporting period grew by 26.0%. In the Middle East, Africa, North Asia and South America, our business trend was especially encouraging.

In our industrial project business, revenue and gross profit far exceeded the prior-year period.

European overland transport business exceeds prior-year revenue

The Freight business unit generated revenue of €1,789 million in the first half of 2010, exceeding the previous year's figure of €1,672 million by 7.0%. Revenue growth was seen mainly in Germany, Sweden and Eastern Europe. Even when adjusted for exchange rate gains of €49 million, revenue was up 4.1% organically on the prior year. At €489 million, gross profit slightly exceeded the previous year. On 1 January 2010, the EXPRESS division transferred responsibility for the domestic freight business in Sweden to the Freight business unit. The prior-year figures were adjusted accordingly.

Positive EBIT performance reinforced by encouraging new business

Due to our continued strict cost management as well as exchange rate gains, the division's EBIT was up again compared with the first half 2009 when the economy reached its low point. It improved in the first half of the year by 34.5% to €152 million (previous year: €113 million). Adjusted for €4 million in restructuring costs, EBIT before non-recurring items was €156 million with an EBIT margin of 2.3%. In the second quarter, EBIT was up by 45.6% from €68 million to €99 million. Adjusted for €3 million in restructuring costs, EBIT before non-recurring items was €102 million in the quarter and the EBIT margin was 2.8%.

We were able to continue reducing operating and indirect costs through cost-reduction programmes. As a result, productivity exceeded pre-crisis levels. We also generated significant new business that will contribute to present and future earnings by expanding sales and aligning it more towards sectors. Furthermore, we launched energy efficiency programmes in 20 countries as part of our GoGreen initiative.

As in the preceding quarter and at the end of 2009, the sharp volume increase, mostly seen in Global Forwarding, further increased net working capital. The resulting cash outflow and cash paid for restructuring took operating cash flow down to €5 million (previous year: €405 million).

SUPPLY CHAIN

Revenue growth accelerates in the second quarter

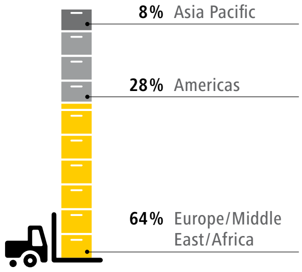
The SUPPLY CHAIN division increased revenue by 5.0% from €6,206 million in the previous year to €6,517 million in the first half of 2010. Growth was suppressed by two factors: a loss of trading volume with the Arcandor Group in Germany and the withdrawal from underperforming contracts in the reporting period. Adjusted for exchange rate gains of €269 million, organic revenue growth in the first half of 2010 was 0.7% year-on-year. Growth accelerated in the second quarter: revenue grew by 10.7% from €3,061 million in the previous year to €3,387 million. In terms of organic growth, second quarter revenue was up by 3.8% compared with the prior year.

The Supply Chain business unit generated revenue of €5,871 million in the first half of the year (previous year: €5,607 million), a rise of 4.7% year-on-year. In the Americas region, which saw continued economic recovery and a strengthening of the US dollar, revenue in the majority of sectors increased. The economy in the Asia Pacific region experienced a strong economic upswing. We demonstrated substantial growth arising from new business wins and trading upturns, notably in Australia, China and Thailand. In Europe, the economic recovery was weaker. However, the Healthcare sector in the UK accounted for a significant revenue increase. Revenue in Germany declined, mainly due to Arcandor.

Williams Lea's revenue for the first half of 2010 grew 7.9% on the prior-year period from €598 million to €645 million, primarily reflecting increases in the Marketing Solutions and Legal Services sectors in the Americas region. This growth was dampened by a decrease in volume amongst some key European contracts.

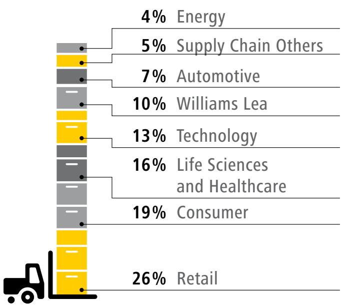
SUPPLY CHAIN, H1 2010: revenue by region

Total revenue: €6,517 million



SUPPLY CHAIN, H1 2010: revenue by sector

Total revenue: €6,517 million



New business wins worth €500 million

In the first half of 2010, the Supply Chain business unit concluded additional contracts worth approximately €500 million in annualised revenue with both new and existing customers. The contract renewal rate for the six-month period remained stable year-on-year. In the first quarter, Williams Lea won a significant new contract with Wal-Mart (USA).

Substantial increase in EBIT before non-recurring items

EBIT for the SUPPLY CHAIN division was up by 124.0% on the prior year to €112 million in the first half of 2010 (previous year: €50 million). Adjusted for restructuring costs of €24 million (previous year: €8 million), EBIT before non-recurring items amounted to €136 million, an increase on the prior year (€58 million) of €78 million or 134.5% on the same basis. Our prior-year earnings were impacted by expenses of €25 million due to the Arcandor insolvency. The EBIT margin before non-recurring items rose from 0.9% to 2.1% in the first half of 2010.

Second quarter EBIT was €55 million compared with €16 million in the previous year. After adjustment for restructuring costs of €17 million, EBIT before non-recurring items amounted to €72 million in the second quarter with a margin of 2.1%.

The improvement in EBIT before non-recurring items reflected the increase in existing business activity and additional margins from new business wins, underpinned by cost reductions and exchange rate gains.

Operating cash flow was €21 million in the first half of 2010 compared with €60 million in the prior-year period. In the reporting period, it was impacted by the restructuring measures introduced. Even as revenue started to rise, we continued to reduce our working capital.

NON-FINANCIAL PERFORMANCE INDICATORS

EMPLOYEES

Further decrease in number of employees

The average number of employees (full-time equivalents) decreased to 420,856 in the first six months of 2010, a 3.6% decline compared with the previous year's average. The sale of DHL Express UK's day-definite domestic business and restructuring in 2009 were the primary reasons for the decline.

RESEARCH AND DEVELOPMENT

No research and development in the narrower sense

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

RISKS

Identifying and managing opportunities and risks early on

One of our most important objectives is to ensure the company's sustained success. To this end, opportunities and risks need to be identified and managed at an early stage. We assist the Group's management in this effort with our Group-wide opportunity and risk control system. The information provided by the system is reported to management on a regular basis and thereby flows into the company's control processes. We have described our opportunity and risk management processes and the significant risks affecting our earnings, financial position, as well as assets and liabilities in the 2009 Annual Report beginning on page 83.

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Overall assessment of the Group's risk position

In the first half of 2010, no further significant risks, or significant changes to these risks, emerged, beyond those presented below, in the 2009 Annual Report and in the first interim report of this year. At present, no risks are identifiable that, individually or collectively, cast doubt upon the Group's ability to continue as a going concern.

Economy's upward trend stabilises

Demand for logistics services is highly dependent on the global economy. In the aftermath of the 2009 crisis year, transport volumes rose again in the first half of 2010. Current forecasts do not see the economy shrinking again over the remainder of the year. Overall, we maintain our previous assessment of the situation: our business partners' activities will continue to pick up and the risks associated with the economic development will gradually return to a normal level.

Downstream access discounts under review

Deutsche Post AG increased its downstream access discounts on 1 July 2010. Deutsche Post's competitors and their associations filed complaints against these discount increases with the *Bundesnetzagentur* (German Federal Network Agency). They claimed that the increased discounts conflicted, in particular, with regulatory requirements. Consequently, the *Bundesnetzagentur* initiated formal proceedings on 15 July 2010. Deutsche Post AG considers its charges for downstream access and the discount increases to be in compliance with regulatory and other legal requirements. However, it cannot be ruled out that the authorities or the courts will come to a different conclusion that will have negative effects on Deutsche Post AG's revenue and earnings.

VAT exemption for mail products challenged

German tax authorities have announced their intention to qualify several VAT-exempt mail products retroactively as subject to VAT. It is assumed that amended tax assessments will be re-issued for all open tax periods. The VAT exemption for postal services is based on European law (Postal Services Directive, VAT Directive) and national German law (*Postgesetz* (Postal Act), *Post-Universaldienstleistungsverordnung* (Postal Universal Service Ordinance), *Umsatzsteuergesetz* (Value Added Tax Act)). Based on these laws, Deutsche Post AG classified its postal services either as VAT exempt or subject to VAT. The German tax authorities have audited this assessment over the years and have not objected to it. We intend to take appropriate legal action against these amended tax assessments. Despite our view that the products' exemption complies with current European and German law, we cannot entirely rule out the possibility of additional tax payments.

Should the political or regulatory framework change, this could have considerable financial consequences for the Group, particularly with respect to the mail business in Germany. Since this is basically a political decision, we can make no reliable estimation as to the likelihood of occurrence.

Karstadt insolvency proceedings not yet completed

Karstadt Warenhaus GmbH is a major customer of DHL in Germany. As a result of the insolvency proceedings of the Arcandor subsidiaries Karstadt Warenhaus GmbH and the now liquidated Quelle GmbH, earnings were impacted by a total of €–247 million in the consolidated financial statements for the period ended 31 December 2009. On 15 March 2010, the insolvency administrator for the Karstadt department store chain submitted an insolvency plan to the local court of jurisdiction. Under the plan, business operations were to be continued by an investor. In early June, a purchase agreement to this effect was concluded with the investor Nicolas Berggruen. As the purchase will only become effective upon the fulfilment of specific conditions (currently under negotiation), we cannot rule out the possibility of further impact on consolidated earnings at present.

FURTHER DEVELOPMENTS AND OUTLOOK

REPORT ON POST-BALANCE SHEET DATE EVENTS

Deutsche Post announces launch of E-Postbrief

On 14 July 2010, we launched E-Postbrief, our new letter on the internet product. The E-Postbrief allows private individuals, companies and public authorities to communicate securely with each other on the internet once they have reserved their personal E-Postbrief address at the online portal. The E-Postbrief is just as binding, confidential and reliable as a letter, and just as quick as an e-mail message. Users can choose whether their letter will be delivered electronically to another E-Postbrief account or be printed out by Deutsche Post and delivered by a mail carrier.

Management structure at Williams Lea Germany changed

As at 1 July 2010, we changed the management structure at Williams Lea Germany and merged it into the MAIL division. The move ensures consistent management of the two businesses, which have many common strategic and operational elements, such as in the case of the E-Postbrief.

REPORT ON EXPECTED DEVELOPMENTS

Debt crisis in the euro zone threatens global upturn

The International Monetary Fund (IMF) is now predicting an increase of 4.6% in global economic output in 2010. For global trade, the IMF is forecasting growth of 9.0%. However, the rebound is still being bolstered by extremely expansive monetary policies. The measures that some countries have introduced to consolidate national budgets may do harm to the economy. In addition, the swelling debt crisis in the euro zone bears risks. As a result, economic uplift may lose momentum again in the second half of the year.

In the course of 2010, the Japanese economy will continue to benefit from the recovery of the global economy. It is conceivable that exports will rise considerably, thereby driving strong GDP growth (IMF: 2.4%; Postbank Research: 3.3%). In China, economic growth in 2010 may almost reach the record levels of past years (IMF: 10.5%).

There are signs that the US economy will continue to rebound in the second half of the year. Solid GDP growth is predicted for the year as a whole (IMF: 3.3%; Postbank Research: 2.8%).

The economy in the euro zone will recover in 2010, stimulated by exports. However, as recovery will be curbed by structural weaknesses and fiscal consolidation measures, overall growth will be limited (IMF: 1.0%, Postbank Research: 1.2%).

The global upturn is proving to be the driver of the German economy in 2010. Exports will rise sharply as a result. However, private consumption is not expected to provide any stimulus. On the contrary, it could even drop due to the end of the government's environmental rebate programme for trading in used cars in the previous year. Nonetheless, GDP growth should be markedly higher in Germany than in the rest of the euro zone (IMF: 1.4%, Postbank Research: 1.9%).

No material changes to the organisational structure planned

No material changes to the Group's organisational structure are planned for 2010 beyond those described on page 96 of our 2009 Annual Report and in the report on post-balance sheet date events.

@ dp-dhl.com/en/investors.html

Liquidity situation remains sufficient

We still do not plan any major funding initiatives due to the sufficient liquidity position that we have maintained. The euro's recent weakness is expected to have a positive impact on our revenue performance. Since we pass on most of the commodity risk to our customers through operating measures, the latest increase in crude oil prices should not negatively impact earnings.

Capital expenditure continues to be slightly higher than the previous year

As described on page 96 of our 2009 Annual Report, we intend to step up capital expenditure to approximately €1.4 billion in 2010. The majority of this will be allocated to property, plant and equipment for the MAIL, EXPRESS and SUPPLY CHAIN divisions.

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Employee numbers to remain largely stable until year end

Our current planning calls for maintaining the overall number of employees at the present level until the end of financial year 2010 with a slightly negative trend.

Business development expectations

The moderate recovery observed in the first quarter of 2010 has solidified in the second quarter of 2010. In this environment, the DHL divisions in particular have fared better than was expected at the start of the year. Even in the event of a moderate increase in growth for the latter half of the year, we have adjusted our outlook for full-year earnings for these divisions:

For 2010 as a whole, we now expect consolidated EBIT before non-recurring items to reach €1.9 billion to €2.1 billion. As anticipated earlier this year, the MAIL division is likely to contribute between €1.0 billion and €1.2 billion. For the DHL divisions, we now assume earnings totalling around €1.3 billion. Corporate Center/Other should come in just below the prior year with a result of around €–0.4 billion.

The restructuring measures taken in the previous year on the order of €1 billion will reduce cash flow in 2010, as planned. Consolidated net profit is expected to continue to improve in 2010 in line with our operating business.

Since the start of 2010, all financial instruments associated with the Postbank transaction have been recognised. Mark-to-market measurement has been applied.

Note 3

dp-dhl.com/en/investors.html

Opportunities

We describe the Group's unchanged economic opportunities in the 2009 Annual Report starting on page 97.

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.

Any internet sites referred to in the Interim Report by the Board of Management do not form part of the report.

INCOME STATEMENT

1 January to 30 June

€m	H1 2009	H1 2010	Q2 2009	Q2 2010
Continuing operations				
Revenue	22,575	24,811	11,070	12,795
Other operating income	1,076	979	683	544
Total operating income	23,651	25,790	11,753	13,339
Materials expense	–12,471	–13,930	–6,083	–7,344
Staff costs	–8,539	–8,323	–4,293	–4,149
Depreciation, amortisation and impairment losses	–741	–641	–373	–323
Other operating expenses	–1,764	–2,131	–895	–1,270
Total operating expenses	–23,515	–25,025	–11,644	–13,086
Profit from operating activities (EBIT)	**136**	**765**	**109**	**253**
Net income from associates	46	58	26	24
Other financial income	1,687	1,743	582	193
Other finance costs	–1,131	–594	–619	–344
Foreign currency result	8	–21	3	–15
Net other financial income/net other finance costs	564	1,128	–34	–166
Net financial income/net finance costs	610	1,186	–8	–142
Profit before income taxes	746	1,951	101	111
Income taxes	–150	–88	–21	–18
Profit from continuing operations	**596**	**1,863**	**80**	**93**
Discontinued operations				
Profit from discontinued operations	432	0	0	0
Consolidated net profit for the period	**1,028**	**1,863**	**80**	**93**
attributable to Deutsche Post AG shareholders	1,010	1,828	66	81
attributable to minorities	18	35	14	12
Basic earnings per share (€)	**0.84**	**1.51**	**0.06**	**0.07**
of which continuing operations (€)	0.48	1.51	0.06	0.07
discontinued operations (€)	0.36	0.00	0.00	0.00
Diluted earnings per share (€)	**0.84**	**1.51**	**0.06**	**0.07**
of which continuing operations (€)	0.48	1.51	0.06	0.07
discontinued operations (€)	0.36	0.00	0.00	0.00

STATEMENT OF COMPREHENSIVE INCOME

1 January to 30 June

€m	H1 2009 adjusted[1]	H1 2010	Q2 2009 adjusted[1]	Q2 2010
Consolidated net profit for the period	1,028	1,863	80	93
Currency translation reserve				
Changes from unrealised gains and losses	262	777	30	516
Changes from realised gains and losses	31	22	0	11
Other changes in retained earnings				
Changes from unrealised gains and losses	0	1	0	1
Changes from realised gains and losses	0	0	0	0
Hedging reserve in accordance with IAS 39				
Changes from unrealised gains and losses	–19	–25	–34	–8
Changes from realised gains and losses	0	24	0	6
Revaluation reserve in accordance with IAS 39				
Changes from unrealised gains and losses	347	4	272	–3
Changes from realised gains and losses	–254	–16	–551	–11
Revaluation reserve in accordance with IFRS 3				
Changes from unrealised gains and losses	0	–1	–1	–1
Changes from realised gains and losses	0	0	0	0
Income taxes relating to components of other comprehensive income	–4	4	16	1
Share of other comprehensive income of associates (after taxes)	–3	24	10	–10
Other comprehensive income (after taxes)	**360**	**814**	**–258**	**502**
Total comprehensive income	**1,388**	**2,677**	**–178**	**595**
attributable to Deutsche Post AG shareholders	1,407	2,626	–186	579
attributable to minorities	–19	51	8	16

1) Note 4.

BALANCE SHEET

€m	31 Dec. 2009	30 June 2010
ASSETS		
Intangible assets	11,534	12,182
Property, plant and equipment	6,220	6,183
Investment property	32	44
Investments in associates	1,772	1,852
Non-current financial assets	1,448	2,925
Other non-current assets	348	410
Deferred tax assets	668	848
Non-current assets	**22,022**	**24,444**
Inventories	226	222
Income tax assets	196	238
Receivables and other current assets	7,157	8,652
Current financial assets	1,894	1,671
Cash and cash equivalents	3,064	2,065
Assets held for sale	179	123
Current assets	**12,716**	**12,971**
Total ASSETS	**34,738**	**37,415**
EQUITY AND LIABILITIES		
Issued capital	1,209	1,209
Other reserves	869	1,664
Retained earnings	6,098	7,201
Equity attributable to Deutsche Post AG shareholders	8,176	10,074
Minority interest	97	95
Equity	**8,273**	**10,169**
Provisions for pensions and similar obligations	4,574	4,588
Deferred tax liabilities	182	230
Other non-current provisions	2,275	2,427
Non-current provisions	7,031	7,245
Non-current financial liabilities	6,699	6,701
Other non-current liabilities	372	363
Non-current liabilities	7,071	7,064
Non-current provisions and liabilities	**14,102**	**14,309**
Current provisions	2,646	2,388
Current financial liabilities	740	786
Trade payables	4,861	5,352
Income tax liabilities	292	397
Other current liabilities	3,674	4,014
Liabilities associated with assets held for sale	150	0
Current liabilities	9,717	10,549
Current provisions and liabilities	**12,363**	**12,937**
Total EQUITY AND LIABILITIES	**34,738**	**37,415**

CASH FLOW STATEMENT

1 January to 30 June

€m	H1 2009 adjusted[1]	H1 2010	Q2 2009 adjusted[1]	Q2 2010
Profit before income taxes	746	1,951	101	111
Net other finance costs/net other financial income	–564	–1,128	34	166
Net income from associates	–46	–58	–26	–24
Profit from operating activities (EBIT)	136	765	109	253
Depreciation, amortisation and impairment losses	741	641	373	323
Net income from disposal of non-current assets	41	255	50	253
Non-cash income and expense	80	58	49	–12
Change in provisions	–801	–631	–458	–273
Change in other non-current assets and liabilities	–12	–39	–5	–11
Income taxes paid	–179	–158	–96	–83
Net cash from operating activities before changes in working capital	**6**	**891**	**22**	**450**
Changes in working capital				
Inventories	34	14	10	10
Receivables and other current assets	567	–1,034	331	–252
Liabilities and other items	–836	399	–317	157
Net cash used in/from operating activities due to continuing operations	**–229**	**270**	**46**	**365**
Net cash used in operating activities due to discontinued operations	–1,828	0	0	0
Total net cash used in/from operating activities	–2,057	270	46	365
Subsidiaries and other business units	–6	–268	–6	–244
Property, plant and equipment and intangible assets	100	85	37	31
Other non-current financial assets	304	41	270	27
Proceeds from disposal of non-current assets	398	–142	301	–186
Subsidiaries and other business units	–24	–51	–11	–4
Property, plant and equipment and intangible assets	–503	–458	–272	–255
Other non-current financial assets	–143	–13	–129	–3
Cash paid to acquire non-current assets	–670	–522	–412	–262
Interest received	65	24	36	13
Dividend received	0	4	0	0
Current financial assets	–119	293	868	287
Net cash used in/from investing activities due to continuing operations	**–326**	**–343**	**793**	**–148**
Net cash used in investing activities due to discontinued operations	–1,253	0	0	0
Total net cash used in/from investing activities	–1,579	–343	793	–148
Proceeds from issuance of non-current financial liabilities	3,983	–114	23	–122
Repayments of non-current financial liabilities	–351	16	–306	45
Change in current financial liabilities	–492	–3	43	–30
Other financing activities	–50	–54	–70	–20
Proceeds from transactions with minority interests	0	0	0	0
Cash paid for transactions with minority interests	–4	0	0	0
Dividend paid to Deutsche Post AG shareholders	–725	–725	–725	–725
Dividend paid to other shareholders	–8	–44	–8	–37
Purchase of treasury shares	0	–10	0	0
Interest paid	–185	–92	–75	–20
Net cash from/used in financing activities due to continuing operations	**2,168**	**–1,026**	**–1,118**	**–909**
Net cash from financing activities due to discontinued operations	7	0	0	0
Total net cash from/used in financing activities	2,175	–1,026	–1,118	–909
Net change in cash and cash equivalents	–1,461	–1,099	–279	–692
Effect of changes in exchange rates on cash and cash equivalents	21	100	–10	61
Changes in cash and cash equivalents associated with assets held for sale	0	0	0	0
Changes in cash and cash equivalents due to changes in consolidated group	0	0	0	0
Cash and cash equivalents at beginning of reporting period	4,662	3,064	3,511	2,696
Cash and cash equivalents at end of reporting period	**3,222**	**2,065**	**3,222**	**2,065**

1) Note 4.

STATEMENT OF CHANGES IN EQUITY

1 January to 30 June

€m	Issued capital	Other reserves: Capital reserve	Other reserves: IAS 39 reserves	Other reserves: IFRS 3 revaluation reserve	Other reserves: Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
Balance at 1 January 2009	1,209	2,142	–314	8	–1,397	6,178	7,826	2,026	9,852
Capital transactions with owner									
Dividend	0	0	0	0	0	–725	–725	–8	–733
Changes in minoritiy interest due to changes in consolidated group	0	0	0	0	0	0	0	–1,877	–1,877
Share Matching Scheme (issuance)	0	0	0	0	0	0	0	0	0
							–725	–1,885	–2,610
Total comprehensive income									
Consolidated net profit for the period	0	0	0	0	0	1,010	1,010	18	1,028
Currency translation differences	0	0	0	0	278	0	278	8	286
Other changes	0	0	119	0	0	0	119	–45	74
							1,407	–19	1,388
Balance at 30 June 2009	**1,209**	**2,142**	**–195**	**8**	**–1,119**	**6,463**	**8,508**	**122**	**8,630**
Balance at 1 January 2010	1,209	2,147	–70	7	–1,215	6,098	8,176	97	8,273
Capital transactions with owner									
Dividend	0	0	0	0	0	–725	–725	–51	–776
Changes in minoritiy interest due to changes in consolidated group	0	0	0	0	0	0	0	–2	–2
Purchase of treasury shares	–1	0	0	0	0	–9	–10	0	–10
Share Matching Scheme (issuance)	0	7	0	0	0	0	7	0	7
Share Matching Scheme (exercise)	1	–9	0	0	0	8	0	0	0
							–728	–53	–781
Total comprehensive income									
Consolidated net profit for the period	0	0	0	0	0	1,828	1,828	35	1,863
Currency translation differences	0	0	0	0	791	0	791	15	806
Other changes	0	0	7	–1	0	1	7	1	8
							2,626	51	2,677
Balance at 30 June 2010	**1,209**	**2,145**	**–63**	**6**	**–424**	**7,201**	**10,074**	**95**	**10,169**

SELECTED EXPLANATORY NOTES

Company information

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany.

BASIS OF PREPARATION

1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 30 June 2010 were prepared in accordance with the International Financial Reporting Standards (IFRS) 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 IFRS 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 2010 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 2009. For further information on the accounting policies applied, please refer to the consolidated financial statements for the year ended 31 December 2009, on which these interim financial statements are based.

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

New developments in international accounting under IFRS effective 1 January 2010

Departures from the accounting policies referred to above consist of the new or amended international accounting pronouncements under IFRS required to be applied since financial year 2010.

Following the amendments to IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements), acquisition-related costs of a business combination are no longer capitalised, but are recognised as expenses in profit or loss. In this context, the corresponding provisions of IAS 7 (Statement of Cash Flows) were also amended; Note 4.

As a result of amendments contained in the "Annual Improvements to IFRS" that became effective as at 1 January 2010, the revised IAS 39 (Financial Instruments: Recognition and Measurement) in particular has had an effect on Deutsche Post DHL's consolidated financial statements. Due to this amendment, the forward sale of 27.4% of the Postbank shares, which was previously not recognised, has been required to be recognised at fair value since 1 January 2010; Note 3.

The other new or amended pronouncements shown below have no material effect on the consolidated financial statements:

- IFRS 1 (First-Time Adoption of International Financial Reporting Standards)
- IFRS 2 (Share-based Payment)
- IAS 39 (Financial Instruments: Recognition and Measurement)
- IFRIC 12 (Service Concession Arrangements)
- IFRIC 15 (Agreements for the Construction of Real Estate)
- IFRIC 16 (Hedges of a Net Investment in a Foreign Operation)
- IFRIC 17 (Distributions of Non-cash Assets to Owners)
- IFRIC 18 (Transfers of Assets from Customers)

Detailed explanations on these can be found in the Annual Report 2009, Note 4 "New developments in international accounting under the IFRS".

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. 2009	30 June 2010
Number of fully consolidated companies (subsidiaries)		
German	79	78
Foreign	791	767
Number of proportionately consolidated joint ventures		
German	1	1
Foreign	18	17
Number of equity-accounted companies (associates)		
German	29	29
Foreign	23	23

Acquisitions

There were no significant acquisitions in the first six months of 2010. The cost of an insignificant acquisition amounted to €4 million. The carrying amounts and the fair values of the assets and liabilities, as well as the net assets, amounted to less than €1 million. Goodwill of €2 million resulted from the 51.77% interest in the acquiring company. The minority interest was recognised at its carrying amount. The company had no material effect on consolidated revenue or consolidated EBIT, nor would including the company as at January 2010 have had any effect.

A total of €9 million was spent on insignificant acquisitions in the prior-year period. Of this amount, €4 million related to an indirect increase in the interest in a company in which Deutsche Post DHL already held a majority interest. A further €5 million was paid to acquire a company in Asia. The carrying amounts and fair values of the assets and of the net assets amounted to €1 million. Consolidation resulted in goodwill of €4 million.

In the first six months of 2010, €4 million was spent to acquire subsidiaries and €47 million (previous year: €24 million, adjusted) for subsidiaries acquired in previous years. The purchase prices of the acquired companies were paid by transferring cash and cash equivalents.

Disposal and deconsolidation effects

The following table shows the disposal and deconsolidation effects of companies and business units in the first six months of 2010.

DHL Express UK sold its day-definite domestic business in March. In April, DHL Supply Chain Austria sold parts of its contract logistics operations (Frozen & Chilled food logistics). The sale of the day-definite domestic business of DHL Express France, and of the champagne business of DHL Freight France, was completed in June. The buyer in both cases was Caravelle, a financial investor. The disposal effects attributable to Fulfilment Plus GmbH, Germany, and Innogistics LLC, USA, are presented together in the Miscellaneous column. The deconsolidations resulted in an aggregate loss of €287 million, which is reported under other operating expenses.

In the prior-year period, the sale of the 22.9% interest in Deutsche Postbank AG resulted in a deconsolidation gain of €444 million, which is reported under profit from discontinued operations. DHL Global Mail Services SAS, France, was also sold, resulting in a deconsolidation loss of €21 million.

Disposal and deconsolidation effects

€m	Deutsche Postbank Group	DHL Global Mail Services	Total	DHL Express UK	DHL Express France; DHL Freight France	DHL Supply Chain Austria	Miscellaneous	Total
1 January to 30 June	2009	2009	2009	2010	2010	2010	2010	2010
Date of disposal	Q1	Q2		Q1	Q2	Q2	Q2	
Disposal effects								
Non-current assets	0	17	17	0	1	37	0	38
Current assets	0	21	21	0	0	36	0	36
Assets held for sale[1]	243,684	0	243,684	54	68	0	2	124
Cash and cash equivalents	0	6	6	0	0	7	0	7
Non-current liabilities and provisions	0	2	2	0	0	19	0	19
Current liabilities and provisions	0	21	21	0	0	47	0	47
Liabilities associated with assets held for sale[1]	238,734	0	238,734	39	91	0	1	131
Net assets	4,950	21	4,971	15	–22	14	1	8
Total consideration received	1,194	0	1,194	–24	–243	1	1	–265
Deconsolidation gain (+)/loss (–)	**444**	**–21**	**423**	**–53**	**–221**	**–13**	**0**	**–287**

1) Figures before deconsolidation.

3 Significant transactions

Effective 1 January 2010, the IASB clarified the scope exemption in IAS 39.2 (g) with regard to the maturity of transactions related to the sale of shares required for settlement. Forward transactions no longer fall under the exemption provided by IAS 39.2 (g) if it is clear when a contract is entered into that the settlement of such transactions exceeds the time required. For the presentation of the Postbank sale, this means that the forward transaction embedded in the mandatory exchangeable bond, which was previously not recognised, must now be recognised. The forward transaction was recognised in profit or loss as at 1 January 2010 at its fair value of €1,453 million. The value of the forward declined to €1,451 million as at 30 June 2010. Changes in this fair value at the subsequent reporting dates may continue to affect net finance costs/net financial income; Note 9.

4 Adjustment of prior-period amounts

In connection with the amendments to IAS 27 and IFRS 3 effective 1 January 2010 and required to be applied prospectively, IAS 7 was also amended with regard to the presentation of proceeds from disposals of non-current assets or cash paid to acquire non-current assets (in this case: subsidiaries and other companies) in the cash flow statement. However, the IAS 7 amendment is required to be applied retrospectively. The prior-period amounts were adjusted accordingly.

Adjustment of the cash flow statement

€m	H1 2009	Adjustments	H1 2009 adjusted
Net cash used in investing activities			
Cash paid to acquire non-current assets			
Subsidiaries and other business units	–28	4	–24
Net cash from/used in financing activities			
Cash paid for transactions with minority interests	0	–4	–4

The allocation of the prior-year figures to changes from realised and unrealised gains and losses in the currency translation reserve and revaluation reserve in accordance with IAS 39 items was adjusted in the statement of comprehensive income. The adjustments did not affect the balance sheet, consolidated net profit for the period or comprehensive income.

INCOME STATEMENT DISCLOSURES

5 Other operating income

€m	H1 2009	H1 2010
Income from the reversal of provisions	305	223
Income from currency translation differences	106	106
Rental and lease income	88	83
Insurance income	78	80
Income from fees and reimbursements	56	58
Commission income	52	57
Income from work performed and capitalised	52	43
Income from prior-period billings	20	38
Income from the remeasurement of liabilities	22	37
Reversals of impairment losses on receivables and other assets	36	30
Gains on disposal of non-current assets	23	23
Income from the derecognition of liabilities	23	16
Income from derivatives	57	11
Income from loss compensation	10	10
Recoveries on receivables previously written off	6	5
Subsidies	3	2
Miscellaneous	139	157
Total	**1,076**	**979**

The change in the reversal of provisions compared with the first six months of 2009 is primarily a result of the higher reversals of restructuring provisions in the US express business in 2009. Miscellaneous other operating income includes a large number of smaller individual items.

6 Other operating expenses

€m

	H1 2009	H1 2010
Losses on disposal of assets	67	335
Other business taxes	132	165
Travel and training costs	158	145
Cost of purchased cleaning, transport and security services	143	142
Warranty expenses, refunds and compensation payments	142	120
Telecommunication costs	123	116
Expenses from currency translation differences	106	108
Write-downs of current assets	170	94
Office supplies	84	84
Consulting costs (including tax advice)	87	80
Advertising expenses	33	80
Voluntary social benefits	73	75
Legal costs	30	73
Entertainment and corporate hospitality expenses	58	54
Insurance costs	60	48
Services provided by the Federal Posts and Telecommunications Agency	44	39
Other public relations expenses	41	39
Expenses from derivatives	16	35
Commissions paid	30	28
Contributions and fees	20	26
Expenses for public relations and customer support	32	23
Monetary transaction costs	12	15
Audit costs	15	14
Donations	1	12
Prior-period other operating expenses	15	11
Miscellaneous	72	170
Total	**1,764**	**2,131**

The increase in losses on the disposal of assets is primarily attributable to the deconsolidation loss on the sale of the day-definite domestic business of DHL Express France; Note 2.

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

7 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses declined by €100 million year-on-year to €641 million. The reduction is related, amongst others, to the restructuring of the US express business, which recognised part of the depreciation, amortisation and impairment losses prospectively. Depreciation, amortisation and impairment losses included impairment losses of €21 million. They are attributable to the segments as follows:

€m

	H1 2009	H1 2010
EXPRESS		
Intangible assets	1	0
Property, plant and equipment	31	8
SUPPLY CHAIN		
Property, plant and equipment	3	0
Corporate Center/Other		
Property, plant and equipment	0	13
Impairment losses	**35**	**21**

€13 million of the impairment losses is attributable to land and buildings and €6 million to aircraft. The property relates to assets reclassified as assets held for sale; Note 13.

8 Net income from associates

Investments in companies on which a significant influence can be exercised and which are accounted for using the equity method contributed €58 million (previous year: €46 million) to net financial income. The change is due primarily to the fact that, in the prior-year period, Deutsche Postbank AG was included as an associate only as of March 2009.

9 Net other financial income

Net other financial income was substantially impacted by the effects from the Postbank sale and includes interest expenses on the exchangeable bond (€62 million) and the cash collateral (€23 million), the result of the recognition of the forward relating to the sale of the Postbank interest amounting to €1,451 million, as well as the gains on the measurement of the options relating to the third tranche amounting to €2 million; Note 3.

10 Profit from discontinued operations

In accordance with IFRS 5, the loss reported by the Deutsche Postbank Group for the months of January and February 2009 was reported in the previous year's income statement under profit from discontinued operations. The net income attributable to the remaining interest in the Deutsche Postbank Group has been presented in net income from associates since March 2009.

Profit from discontinued operations

€m

	H1 2009	H1 2010
Total operating income	1,607	0
Total operating expenses	–1,631	0
Loss from operating activities (EBIT)	**–24**	**0**
Net finance costs	–13	0
Loss before taxes from discontinued operations	**–37**	**0**
Attributable tax income	25	0
Loss after taxes from discontinued operations	**–12**	**0**
Deconsolidation effects	444	0
Profit from discontinued operations	**432**	**0**

11 Earnings per share

Basic earnings per share in the reporting period were €1.51.

Basic earnings per share

		H1 2009	H1 2010
Consolidated net profit attributable to Deutsche Post AG shareholders	€m	1,010	1,828
Weighted average number of shares outstanding	shares	1,209,015,874	1,208,887,575
Basic earnings per share	€	**0.84**	**1.51**
of which from continuing operations	€	0.48	1.51
of which from discontinued operations	€	0.36	0.00

Diluted earnings per share in the reporting period were €1.51. Executives were entitled to 1,886,620 rights to shares at the reporting date.

Diluted earnings per share

		H1 2009	H1 2010
Consolidated net profit attributable to Deutsche Post AG shareholders	€m	1,010	1,828
Weighted average number of shares outstanding	shares	1,209,015,874	1,208,887,575
Potentially dilutive shares	shares	0	176,330
Weighted average number of shares for diluted earnings	shares	1,209,015,874	1,209,063,905
Diluted earnings per share	€	**0.84**	**1.51**
of which from continuing operations	€	0.48	1.51
of which from discontinued operations	€	0.36	0.00

BALANCE SHEET DISCLOSURES

12 Intangible assets and property, plant and equipment

Investments in intangible assets (excluding goodwill) amounted to €72 million in the first six months of 2010 (previous year: €96 million), of which €22 million (previous year: €37 million) was attributable to advance payments and intangible assets under development. Investments in property, plant and equipment amounted to €409 million (previous year: €382 million). Of this total, €92 million (previous year: €67 million) was attributable to technical equipment, €53 million (previous year: €34 million) to transport equipment, €41 million (previous year: €22 million) to aircraft, €35 million (previous year: €75 million) to IT equipment and €139 million (previous year: €109 million) to advance payments and assets under development.

The growth in intangible assets is attributable primarily to the increase in goodwill due to exchange rate factors. Goodwill changed as follows in the reporting period:

€m

	2009	2010
Cost		
Balance at 1 January	11,189	11,291
Additions to consolidated group	26	2
Additions	30	0
Disposals	–47	–9
Currency translation differences	93	743
Balance at 31 December/30 June	11,291	12,027
Impairment losses		
Balance at 1 January	1,041	1,048
Disposals	–33	0
Currency translation differences	40	71
Balance at 31 December/30 June	1,048	1,119
Carrying amount at 31 December/30 June	**10,243**	**10,908**

13 Assets held for sale and liabilities associated with assets held for sale

€m	Assets		Liabilities	
	31 Dec. 2009	30 June 2010	31 Dec. 2009	30 June 2010
Deutsche Post AG – real estate	18	44	0	0
Deutsche Post Immobilienentwicklung Grundstücksgesellschaft mbH & Co. Logistikzentren KG, Germany – real estate	0	34	0	0
DHL Network Operations, USA – aircraft	12	19	0	0
DHL Exel Supply Chain Euskal-Log S.L., Spain – buildings	16	16	0	0
Astar AirCargo Inc., USA – aircraft	5	5	0	0
DHL Express France	70	0	98	0
DHL Express UK	51	0	51	0
Miscellaneous	7	5	1	0
Assets held for sale and liabilities associated with assets held for sale	**179**	**123**	**150**	**0**

The sale of the day-definite domestic business of DHL Express UK was completed in March 2010. The day-definite domestic business of DHL Express France was sold in June 2010; Note 2.

Deutsche Post Immobilienentwicklung Grundstücksgesellschaft, Germany, plans to sell four properties. These properties were therefore reclassified as assets held for sale. The most recent appraisal prior to reclassification resulted in an impairment loss of €13 million.

14 Issued capital and purchase of treasury shares

Issued capital

€	
Issued capital at 1 January 2010	1,209,015,874
Treasury shares acquired	–769,794
Treasury shares issued	769,794
Issued capital at 30 June 2010	**1,209,015,874**

In the first quarter of 2010, Deutsche Post AG acquired 769,794 shares at a total price of €10 million, including transaction costs, under the authorisation issued on 21 April 2009 to settle entitlements due under the new bonus programme for executives (Share Matching Scheme). Consequently, issued capital was reduced by the notional value of the shares purchased. The average purchase price per share was €12.96. The notional value of the treasury shares is deducted from issued capital and the difference between the notional value and the reported value of the treasury shares is deducted from retained earnings. Issued capital increased again, by €769,794, when 769,794 shares were issued to executives in April 2010. Changes in treasury shares are presented in the statement of changes in equity.

15 Retained earnings

Retained earnings include the reserve for treasury shares, which changed as follows:

Treasury shares

€m	2009	2010
Balance at 1 January	0	0
Treasury shares acquired	0	–9
Treasury shares issued	0	8
Balance at 31 December 2009/30 June 2010	0	–1

Changes in treasury shares are presented in the statement of changes in equity.

A dividend of €725 million was distributed in 2010 for financial year 2009. In the previous year, the dividend payment for 2008 also amounted to €725 million. This corresponds to a dividend per share of €0.60 in both years.

SEGMENT REPORTING

16 Segment reporting

Segments by division

€m

1 January to 30 June	MAIL 2009	MAIL 2010	EXPRESS[1] 2009	EXPRESS[1] 2010	GLOBAL FORWARDING, FREIGHT[1] 2009	GLOBAL FORWARDING, FREIGHT[1] 2010	SUPPLY CHAIN[1] 2009	SUPPLY CHAIN[1] 2010	Corporate Center / Other[1] 2009	Corporate Center / Other[1] 2010	Consolidation[1] 2009	Consolidation[1] 2010	Continuing operations 2009	Continuing operations 2010	Discontinued operations 2009	Discontinued operations 2010
External revenue	6,607	6,565	4,670	5,332	5,115	6,444	6,145	6,437	38	33	0	0	22,575	24,811	1,634	0
Internal revenue	88	87	140	156	295	284	61	80	763	621	–1,347	–1,228	0	0	0	0
Total revenue	6,695	6,652	4,810	5,488	5,410	6,728	6,206	6,517	801	654	–1,347	–1,228	22,575	24,811	1,634	0
Profit/loss from operating activities (EBIT)	557	629	–443	80	113	152	50	112	–141	–208	0	0	136	765	–24	0
Net income from associates	0	0	0	0	0	0	0	0	46	58	0	0	46	58	0	0
Segment assets[2]	3,551	3,920	8,295	8,418	6,665	7,782	5,815	6,214	1,271	1,197	–252	–155	25,345	27,376	0	0
Investments in associates[2]	24	24	31	30	12	12	0	0	1,705	1,786	0	0	1,772	1,852	0	0
Segment liabilities[2,3]	2,287	2,351	2,795	2,618	2,288	2,735	2,784	2,886	1,123	1,046	–324	–192	10,953	11,444	0	0
Capex	117	194	160	104	36	37	99	86	66	60	0	0	478	481	7	0
Depreciation and amortisation	170	141	184	184	57	49	161	151	134	95	0	0	706	620	0	0
Impairment losses	0	0	32	8	0	0	3	0	0	13	0	0	35	21	0	0
Total depreciation, amortisation and impairment losses	170	141	216	192	57	49	164	151	134	108	0	0	741	641	0	0
Other non-cash expenses	130	119	382	484	40	31	99	62	42	21	0	0	693	717	114	0
Employees[4]	146,021	143,588	97,985	90,365	41,763	41,178	136,135	131,857	14,747	13,868	0	0	436,651	420,856	0	0
Q2																
External revenue	3,164	3,165	2,335	2,789	2,526	3,475	3,028	3,350	17	16	0	0	11,070	12,795	0	0
Internal revenue	45	41	72	79	137	136	33	37	387	310	–674	–603	0	0	0	0
Total revenue	3,209	3,206	2,407	2,868	2,663	3,611	3,061	3,387	404	326	–674	–603	11,070	12,795	0	0
Profit/loss from operating activities (EBIT)	150	241	–51	–30	68	99	16	55	–74	–112	0	0	109	253	0	0
Net income from associates	0	0	0	0	0	0	0	0	26	24	0	0	26	24	0	0
Capex	70	112	88	63	16	19	39	49	24	43	0	0	237	286	0	0
Depreciation and amortisation	86	72	81	96	29	25	81	77	68	46	0	0	345	316	0	0
Impairment losses	0	0	25	7	0	0	3	0	0	0	0	0	28	7	0	0
Total depreciation, amortisation and impairment losses	86	72	106	103	29	25	84	77	68	46	0	0	373	323	0	0
Other non-cash expenses	50	67	180	352	23	16	75	33	16	13	0	0	344	481	0	0

Information about geographical areas

€m

1 January to 30 June	Germany 2009	Germany 2010	Europe excluding Germany 2009	Europe excluding Germany 2010	Americas 2009	Americas 2010	Asia Pacific 2009	Asia Pacific 2010	Other regions 2009	Other regions 2010	Continuing operations 2009	Continuing operations 2010	Discontinued operations 2009	Discontinued operations 2010
External revenue[1]	7,985	8,037	7,865	8,216	3,517	4,232	2,426	3,379	782	947	22,575	24,811	1,634	0
Non-current assets[2]	3,837	3,988	7,376	7,105	3,105	3,402	2,932	3,331	595	649	17,845	18,475	0	0
Capex	208	295	148	72	69	67	35	32	18	15	478	481	7	0
Q2														
External revenue[1]	3,821	3,945	3,935	4,217	1,691	2,297	1,238	1,833	385	503	11,070	12,795	0	0
Capex[2]	117	188	63	23	29	46	19	19	9	10	237	286	0	0

1) Prior-period amounts adjusted. 2) As at 31 December 2009 and 30 June 2010. 3) Including non-interest-bearing provisions. 4) Average FTE.

Deutsche Post DHL reports four operating segments; these are managed independently by the responsible segment management bodies in line with the products and services offered and the brands, distribution channels and customer profiles involved. Components of the entity are defined as a segment on the basis of the existence of segment managers with bottom-line responsibility who report directly to Deutsche Post DHL's top management.

The Consolidation column and the Corporate Center/Other collective segment are reported separately. The collective segment comprises the activities of Global Business Services (GBS), the Corporate Center and other areas. The activities concerned are composed of non-operating activities and other business activities. The profit/loss generated by GBS is allocated to the other operating segments, whilst its assets and liabilities remain with GBS (asymmetrical allocation).

The main geographical areas in which the Group is active are Germany, Europe, the Americas, Asia Pacific and other regions. External revenue, non-current assets and capex are disclosed for these areas. To enhance transparency, the management allocations previously contained in the external revenue figures were removed from the areas. The prior-period amounts were adjusted accordingly.

Revenue, assets and capex are allocated to the individual areas on the basis of the domicile of the reporting entity. Non-current assets primarily comprise intangible assets, property, plant and equipment, and other non-current assets.

To more appropriately reflect the different requirements of Express and Freight customers, DHL Express Sweden transferred its day-definite domestic business to DHL Freight Sweden effective 1 January 2010. The prior-period amounts were adjusted accordingly.

Reconciliation

€m

	H1 2009	H1 2010
Total comprehensive income of reportable segments	277	973
Corporate Center/Other	–141	–208
Reconciliation to Group/Consolidation	0	0
Profit from operating activities (EBIT)	**136**	**765**
Net financial income	610	1,186
Profit before income taxes	**746**	**1,951**
Income taxes	–150	–88
Profit from continuing operations	**596**	**1,863**
Profit from discontinued operations	432	0
Consolidated net profit for the period	**1,028**	**1,863**

OTHER DISCLOSURES

17 Share-based payment

A new system to grant variable remuneration components to certain Group executives was implemented in financial year 2009. In the first six months of 2010, an amount of €7 million (31 December 2009: €5 million) was transferred to the capital reserves for the 2009 and 2010 tranches of the Share Matching Scheme. Exercise of the rights to shares in April 2010 reduced the capital reserves by €9 million due to the corresponding issuance of treasury shares to executives.

Capital reserves

€m

	2009	2010
Balance at 1 January	2,142	2,147
Addition		
Issuance of share rights under the Share Matching Scheme 2009	5	5
Issuance of share rights under the Share Matching Scheme 2010	0	2
Exercise of share rights under the Share Matching Scheme 2009	0	–9
Balance at 31 Dec. 2009/30 June 2010	**2,147**	**2,145**

The SAR provisions for other share-based payment systems for executives (Board of Management and executives) amounted to €24 million as at 30 June 2010 (31 December 2009: €16 million).

18 Related-party disclosures

There have been no material changes in related party disclosures as against 31 December 2009; in the Annual Report 2009, Note 55.

19 Contingent liabilities and other financial obligations

The Group's contingent liabilities have not changed significantly compared with 31 December 2009. The other financial obligations as at 30 June 2010 amounted to €6,935 million (31 December 2009: €6,193 million). The change is largely attributable to aircraft leases.

20 Other disclosures/Events after the balance sheet date

The management structure at Williams Lea Germany was modified as at 1 July 2010, as a wide range of strategic and operating links exists between the MAIL division and Williams Lea Germany. It was therefore reclassified from the SUPPLY CHAIN division to MAIL.

Deutsche Post AG increased its downstream access discounts on 1 July 2010. Deutsche Post's competitors and their associations filed complaints against these discount increases with the *Bundesnetzagentur* (German Federal Network Agency). They claimed that the increased discounts conflicted, in particular, with regulatory requirements. Consequently, the *Bundesnetzagentur* initiated formal proceedings on 15 July 2010. Deutsche Post AG considers its charges for downstream access and the discount increases to be in compliance with regulatory and other legal requirements. However, it cannot be ruled out that the authorities or the courts will come to a different conclusion that will have negative effects on Deutsche Post AG's revenue and earnings.

On 15 March 2010, the insolvency administrator for the Karstadt department store chain submitted an insolvency plan to the local court of jurisdiction. Under the plan, business operations were to be continued by an investor. In early June, a purchase agreement to this effect was concluded with the investor Nicolas Berggruen. As the purchase will only become effective upon the fulfilment of specific conditions (currently under negotiation), the possibility of further impact on Deutsche Post DHL's earnings cannot be ruled out at present.

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 material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, 2 August 2010

Deutsche Post AG
The Board of Management

Dr Frank Appel

Ken Allen	Bruce A. Edwards	Jürgen Gerdes
Lawrence Rosen	Walter Scheurle	Hermann Ude

REVIEW REPORT

To Deutsche Post AG

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and statement of comprehensive income, 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 2010 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 IFRS 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 Management. 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 IFRS 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 IFRS 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, 2 August 2010

PricewaterhouseCoopers
Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft

Klaus-Dieter Ruske	Dietmar Prümm
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

EVENTS AND CONTACTS

Financial calendar[1]

9 November 2010	Interim Report on the first nine months of 2010, investors conference call
23 November 2010	Capital Markets Day (Frankfurt am Main)
10 March 2011	2010 Annual Report, financials press conference, investors conference
10 May 2011	Interim Report on the first quarter of 2011, investors conference call
25 May 2011	Annual General Meeting (Frankfurt am Main)
2 August 2011	Interim Report on the first half of 2011, investors conference call
9 November 2011	Interim Report on the first nine months of 2011, press conference, investors conference call

Investor events[1]

26 August 2010	Commerzbank Sector Conference (Frankfurt am Main)
13–14 September 2010	UBS Transport Conference (London)
21–22 September 2010	Sanford C. Bernstein's Strategic Decisions Conference (London)
23 September 2010	UniCredit German Investment Conference (Munich)
30 September 2010	Nordea Markets's Transport Seminar (Copenhagen)
7 October 2010	Goldman Sachs Shipping & Freight Forwarding Symposium (London)
15 November 2010	Nomura German Conference (Tokyo)
17–18 November 2010	WestLB Deutschland Conference (Frankfurt am Main)

1) Further dates, updates as well as information on live webcasts @ dp-dhl.com/en/investors.html.

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English translation

Deutsche Post Corporate Language Services et al.

The English version of the Interim Report January to June 2010 of Deutsche Post DHL constitutes a translation of the original German version. Only the German version is legally binding, in so far as this does not conflict with legal provisions in other countries.

Provided your mobile telephone has Quick Recognition (QR) software, you can photograph this code to directly access the investors portal on our website.

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