

Deutsche Post DHL

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INTERIM REPORT 2011

Deutsche Post DHL

KEY FIGURES

01 Selected key figures

		H1 2010	H1 2011	+/- %	Q2 2010	Q2 2011	+/- %
Consolidated revenue	€m	24,811	25,681	3.5	12,795	12,839	0.3
Profit from operating activities (EBIT) ¹⁾	€m	765	1,191	55.7	253	562	>100
Return on sales ²⁾	%	3.1	4.6	–	2.0	4.4	–
Consolidated net profit for the period ³⁾	€m	1,828	603	–67.0	81	278	>100
Operating cash flow	€m	270	283	4.8	365	317	–13.2
Net liquidity (–)/net debt (+) ⁴⁾	€m	–1,382	–202	–85.4	–	–	–
Earnings per share	€	1.51	0.50	–66.9	0.07	0.23	>100
Number of employees ⁵⁾		421,274	420,211	–0.3	–	–	–

1) In the previous year EBIT before non-recurring items was €1,069 million in the first half and €503 million in the second quarter. 2) EBIT/revenue. 3) After deduction of non-controlling interests.

4) Prior-year amount as at 31 December, ➔ page 13 of the Interim Report by the Board of Management for calculation. 5) Average FTEs, prior-year amount corresponds to that of financial year 2010.

02 Consolidated revenue

€m

H1 2011



H1 2010



Germany Abroad

03 Revenue by region

€m

Germany



Europe (excluding Germany)



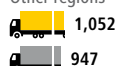
Americas



Asia Pacific



Other regions



H1 2011 H1 2010

04 Consolidated EBIT

€m

H1 2011



H1 2010



1) In the previous year EBIT before non-recurring items was €1,069 million.

H1

What we achieved in the first half of the year

We succeeded in increasing our revenue and earnings in the first half of 2011. We continued to see especially encouraging growth in the domestic parcel business and in Asia. Revenues exceeded prior-year levels in all DHL divisions. Our profitability also improved due to the extensive restructuring measures implemented over the past few years. Profits and margins have risen significantly. Volumes in the MAIL division remain stable.

2011

What we intend to achieve by the end of the year

In light of our good performance in the first half of the year, we anticipate that consolidated EBIT for full-year 2011 will reach the upper end of the range we already announced this spring of between €2.2 billion and €2.4 billion. This encouraging trend is being driven by the performance of all divisions.

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1 August 2011

First half of 2011

Dear Shareholders,

Your company, Deutsche Post DHL, continued on its successful growth course in the first half of 2011. Our Group-wide initiatives aimed at becoming more flexible and efficient whilst increasing profitability are paying off. Moreover, as a globally operating logistics provider we have benefited from growing trade volumes.

First-half revenue grew by 3.5% year on year to reach €25.7 billion despite the negative currency effects we registered. The increase in EBIT was even greater with a rise from €765 million to €1.2 billion. In the second quarter, this upwards trend was even more pronounced: the Group's EBIT rose to €562 million, more than double the figure for the prior-year period, which had seen high non-recurring expenses.

Our express and logistics businesses made a major contribution to these good results. We are not merely present in the world's growth markets; we are also strong, particularly in Asia. In all DHL divisions, revenues increased over the prior-year period. This also applied to earnings and margins, due to the profitability improvements we achieved in past years based on extensive restructuring.

In the MAIL division we are also fit for the future. Driven by the boom in e-commerce, the parcel business continued to grow dynamically. In the second quarter, growth in the number of parcels transported again exceeded that of the preceding three months. Mail volumes remain stable; the division's earnings include the effects of the VAT requirement introduced in the previous year. Furthermore, we are investing in digital growth areas, the best example being our E-Postbrief, which just recently celebrated its first anniversary.

In light of our good performance in the first half of the year, we anticipate that consolidated EBIT for full-year 2011 will reach the upper end of the range we announced this spring of between €2.2 billion and €2.4 billion. This encouraging trend is being driven by all divisions. The DHL divisions' EBIT is expected to be in the range of €1.6 billion to €1.7 billion, whilst the MAIL division is expected to contribute €1.0 billion to €1.1 billion. I am confident that we will reach our goals for 2011 and continue on our steady growth course.

Yours faithfully,



BUSINESS AND ENVIRONMENT

Organisation

No material changes to the organisation

In the second quarter of 2011, no material changes were made to the Group's organisational structure and no such changes are currently planned for the second half of the year.

Economic parameters

Regional variations in economic growth

The global economy continued to improve in the first half of 2011, with growth again proving to be particularly strong in the emerging economies. The majority of industrial countries also continued to recover, although disparities in growth rates remained unusually high.

The upswing in Asia remains strong on a global comparison despite the fact that growth has slowed somewhat of late. In China, second-quarter GDP was up by 9.5% year on year. Growth in the first quarter amounted to 9.7%. By contrast, Japan suffered severely from the consequences of March's major earthquake. Economic output fell by 0.9% in the first quarter versus the prior-year period. The second-quarter decrease is expected to have been even greater.

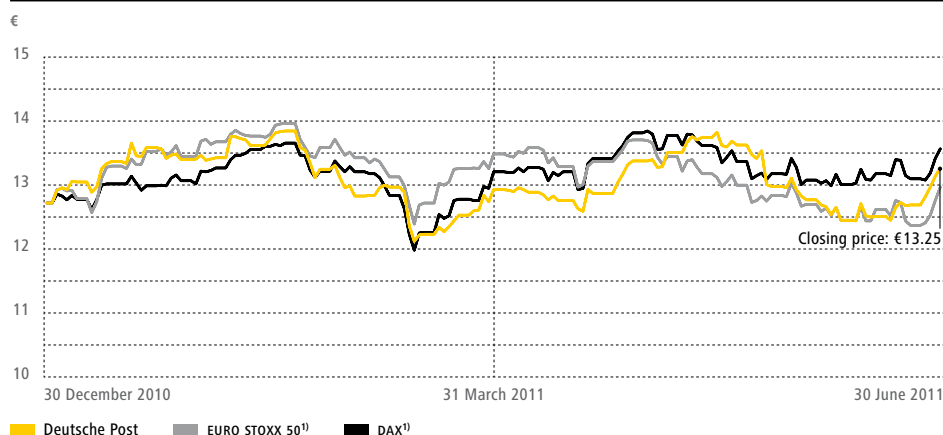
The United States economy slowed markedly in the first half of the year. Whereas investments in machinery and equipment continued to act as a growth driver, the increase in consumer spending was dampened considerably. Moreover, the substantial decrease in government consumption put the brakes on growth as well as negatively impacting the labour market. The number of jobs increased only minimally in the second quarter. Another weak point was the real estate market, where construction spending continued to decline. To prop up the economy, the US Federal Reserve retained its key interest rate at 0% to 0.25%.

In the euro zone, growth is expected to have slowed in the second quarter compared with the start of the year. Investments in machinery and equipment as well as construction spending benefited in the first quarter from the backlog effect arising from the early and severe onset of winter at the end of 2010. The pronounced increases in growth are not expected to have continued into the spring. In addition, the rise in consumer spending is likely to have remained moderate. Based on the sharp increase in the inflation rate, the European Central Bank raised its key interest rate from 1.0% to 1.25% in April and then to 1.5% at the beginning of July.

The German economy saw very substantial growth in the first quarter of 2011, due in part to backlog effects. On an overall basis, however, growth is expected to have been considerably lower in the second quarter than at the start of the year. Unemployment figures have fallen steadily since the beginning of 2011. The economic upswing is confirmed by the ifo Business Climate Index, which was recently fluctuating around its record high.

DEUTSCHE POST SHARES

05 Share price performance



1) Rebased on the closing price of Deutsche Post shares on 30 December 2010.

Stock markets volatile but positive overall

International capital markets were volatile in the second quarter of 2011. At the beginning of the quarter, the further strained financial position in Greece put pressure on share prices whilst a better-than-expected reporting season provided indices with a short-term boost. Sentiment was dampened again halfway through the quarter from fears that the economy in the USA and in core markets in Asia might cool off and as a result of rising oil prices. Nevertheless, in the first half of 2011 the DAX recorded a plus of 6.7%, closing at 7,376 points. The EURO STOXX 50 only managed to gain 2.0%. Our share price largely trended with the DAX, closing on the reporting date at €13.25, a 4.3% gain. We have been ahead of our peer group since the beginning of the year.

06 Deutsche Post shares

		30 Dec. 2010	30 June 2011
Number of shares	millions	1,209.0	1,209.0
Closing price	€	12.70	13.25
Market capitalisation	€m	15,354	16,019
High ¹⁾	€	14.46	13.83
Low ¹⁾	€	11.18	12.10
Average trading volume per day ¹⁾	shares	5,329,779	4,637,807

1) In 2010 and in the first half of 2011.

07 Peer group comparison: closing prices

		30 Dec. 2010	30 June 2011	+/- %	30 June 2010	30 June 2011	+/- %
Deutsche Post DHL	€	12.70	13.25	4.3	12.01	13.25	10.3
PostNL ¹⁾	€	19.21	5.85	-69.5	20.78	5.85	-71.8
FedEx	US\$	92.96	94.85	2.0	70.11	94.85	35.3
UPS	US\$	72.68	72.93	0.3	56.89	72.93	28.2
Kuehne + Nagel	CHF	130.00	127.60	-1.8	111.80	127.60	14.1

1) Previous year's prices correspond to a different company structure.

ECONOMIC POSITION

Overall assessment by the Board of Management

The global economic upswing continued in the first half of 2011, albeit at a slower pace in the second quarter. As a globally operating logistics service provider, Deutsche Post DHL was able to benefit from increasing trade volumes, with revenues up year on year in all DHL divisions. Due to the improved profitability achieved through the extensive restructuring measures implemented over the past few years, the DHL divisions also saw profits rise significantly. Volumes in the MAIL division remained stable but earnings fell due to the value added tax (VAT) requirement introduced in the previous year and to increased investments in digital initiatives. Operating cash flow rose slightly year on year and we continue to report net liquidity. Our financial position remains stable.

Significant events

Interest in Postbank reclassified

In accordance with the contractual arrangements governing the planned sale of Postbank to Deutsche Bank, we reclassified our remaining 39.5% shareholding in Postbank as held for sale at the end of February 2011. The carrying amount of the investment as at the reclassification date was €1,801 million.

Earnings

08 Selected indicators for results of operations

		H1 2010	H1 2011	Q2 2010	Q2 2011
Consolidated revenue	€m	24,811	25,681	12,795	12,839
Profit from operating activities (EBIT) ¹⁾	€m	765	1,191	253	562
Return on sales ²⁾	%	3.1	4.6	2.0	4.4
Consolidated net profit for the period ³⁾	€m	1,828	603	81	278
Earnings per share	€	1.51	0.50	0.07	0.23

1) In the previous year EBIT before non-recurring items was €1,069 million in the first half and €503 million in the second quarter.

2) EBIT/revenue.

3) After deduction of non-controlling interests.

Changes in reporting and portfolio

In order to strengthen the focus on our core activities in the Supply Chain business unit in the United States, we sold Exel Transportation Services Group (ETS), a provider of freight brokerage and intermodal services in the USA and Canada, on 1 April 2011.

On the same date, we incorporated a specialist provider of internet advertising services into the MAIL division by acquiring all shares of Adcloud GmbH, Cologne, Germany.

The acquisition of the 100% interest in Eurodifarm srl., Lodi, Italy was completed in the middle of May. The company is the market leader in the temperature-controlled distribution of pharmaceutical and diagnostic products in Italy.

On 1 June 2011, we acquired all shares of Standard Forwarding LLC, East Moline, USA. This acquisition expands our freight business capacities in the Freight business unit.

DHL Express Canada sold its domestic business to transport company TransForce at the end of June and is now focusing on international express services in Canada.

Consolidated revenue rises

Consolidated revenue was up 3.5% year on year in the first half of 2011, at €25,681 million (previous year: €24,811 million). Currency effects had a negative impact of €338 million. The share of consolidated revenue generated abroad increased slightly, rising from 67.6% to 67.9%.

At 0.3%, revenue growth was slower in the second quarter, with revenue rising from €12,795 million to €12,839 million. In particular, the significant negative currency effects amounting to €484 million and the deconsolidation of ETs considerably reduced this item.

Higher transport costs push up materials expense

At €881 million, other operating income was €98 million lower than in the prior-year period (€979 million). The higher figure last year was largely attributable to the reversal of provisions recognised for restructurings.

Higher transport volumes and freight costs as well as an increase in the oil price led to a rise in the materials expense for the reporting period by €780 million to €14,710 million.

At €8,285 million, staff costs were slightly lower than the previous year's figure of €8,323 million.

Depreciation, amortisation and impairment losses were also down slightly, decreasing by €30 million to €611 million.

Other operating expenses were down significantly year on year, at €1,765 million (previous year: €2,131 million). The prior-year figure includes in particular expenses attributable to asset disposals arising from the sale of business units in the United Kingdom, France and Austria.

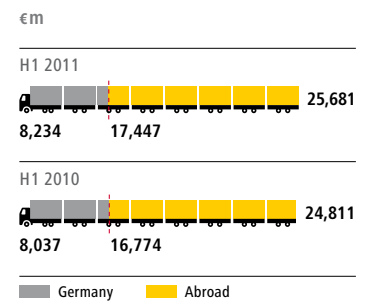
EBIT grows substantially

Profit from operating activities (EBIT) was up significantly year on year in the first half of 2011, at €1,191 million (previous year: €765 million). At €562 million, profit from operating activities more than doubled in the second quarter of 2011 (previous year: €253 million). This increase was largely attributable to the above-mentioned expenses in the same period last year arising in connection with the disposal of business units in France and Austria.

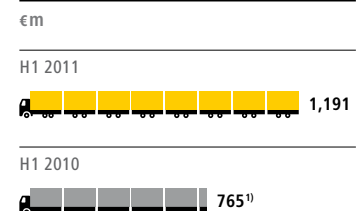
Net finance costs amounted to €-319 million (previous year: net financial income of €1,186 million). In particular, the previous year's figure had been lifted by €1,453 million by the initial measurement of the fair market value of a forward related to the second tranche of the Postbank sale.

Profit before income taxes declined by €1,079 million to €872 million (previous year: €1,951 million). Income taxes increased by €130 million to €218 million. The measurement of the derivatives from the planned Postbank sale had no effect on tax. In addition, the tax rate increased to 25% in the first half of 2011 due to the higher income generated abroad.

09 Consolidated revenue



10 Consolidated EBIT



¹⁾ In the previous year EBIT before non-recurring items was €1,069 million.

Consolidated net profit and earnings per share below prior year, as expected

Consolidated net profit for the period decreased from €1,863 million in the first half of 2010 to €654 million in the reporting period. €603 million of this amount is attributable to shareholders of Deutsche Post AG and €51 million to non-controlling interests. Both basic and diluted earnings per share fell from €1.51 to €0.50. The effects lifting consolidated net profit and earnings per share in the previous year are described above.

Financial position

11 Selected cash flow indicators

€m

	H1 2010	H1 2011	Q2 2010	Q2 2011
Cash and cash equivalents as at 30 June	2,065	2,125	2,065	2,125
Change in cash and cash equivalents	-1,099	-1,239	-692	-815
Net cash from operating activities	270	283	365	317
Net cash used in investing activities	-343	-328	-148	-91
Net cash used in financing activities	-1,026	-1,194	-909	-1,041

Good liquidity situation

The principles and aims of our financial management presented in the 2010 Annual Report remain valid and are being pursued unchanged, as is our finance strategy.

“FFO to debt”, our dynamic performance metric, 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.

In the first half of 2011 “FFO to debt” declined as anticipated, due above all to the prepayment made to the Bundes-Pensions-Service für Post und Telekommunikation and the dividend paid out for financial year 2010. At 31%, this performance metric remains well within our expectations.

In the second quarter of 2011, the rating agencies Standard & Poor's and Moody's Investors Service reviewed our credit rating. Both agencies confirmed their ratings of “BBB+” and “Baa1”, respectively. This means that the Group's creditworthiness continues to be classified as adequate.

Our liquidity position remains good. In the reporting period, we therefore did not utilise the five-year syndicated credit facility agreed upon in December 2010, which has a total volume of €2 billion. As at 30 June 2011, the Group had cash and cash equivalents of €2.1 billion. There are also investment funds callable at sight of approximately €200 million that are reported as current financial assets in the balance sheet.

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

@ standardandpoors.com

➔ Page 10

12 FFO to debt

€m	1 Jan. to 31 Dec. 2010	1 July 2010 to 30 June 2011
Operating cash flow before changes in working capital	2,109	2,244
⊕ Interest and dividends received	59	67
⊖ Interest paid	183	192
⊕ Adjustment for operating leases	1,055	1,055
⊕ Adjustment for pensions	198	198
⊕ Non-recurring income/expenses	531	313
⊖ Funds from operations (FFO)	3,769	3,685
Reported financial liabilities ¹⁾	7,022	6,789
⊖ Financial liabilities related to the sale of Deutsche Postbank AG ¹⁾	4,164	4,252
⊖ Financial liabilities at fair value through profit or loss ¹⁾	115	96
⊕ Adjustment for operating leases ²⁾	5,527	5,527
⊕ Adjustment for pensions ²⁾	5,323	5,323
⊖ Surplus cash and near-cash investments ^{1), 3)}	2,893	1,397
⊖ Debt	10,700	11,894
FFO to debt (%)	35.2	31.0

1) As at 31 December 2010 and 30 June 2011, respectively.

2) As at 31 December 2010.

3) Surplus cash and near-cash investments are defined as cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

Capital expenditure increases in the first half of the year

As at the end of June 2011, the Group's aggregate capital expenditure (capex) totalled €623 million. This represents a substantial rise of 30% year on year (previous year: €481 million), with the EXPRESS division acting as the main contributor to the increase. Funds were used mainly to replace and expand assets as follows: €539 million was invested in property, plant and equipment and €84 million in intangible assets excluding goodwill. Investments in property, plant and equipment related primarily to advance payments and assets under development (€284 million), transport equipment (€97 million), technical equipment and machinery (€72 million), IT equipment (€30 million) and aircraft (€16 million).

Our regional investments focused mainly on Europe, the Americas and Asia. Investments were centred on Germany, the United Kingdom, the US and South America as well as on China and India.

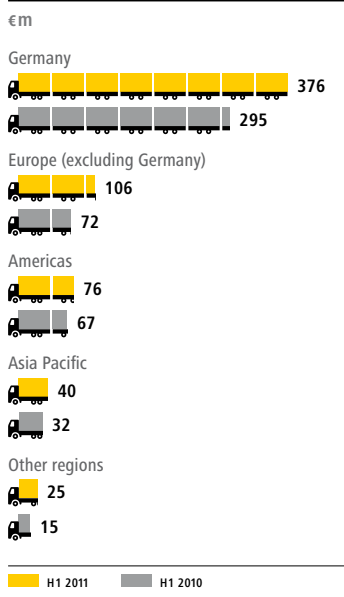
13 Capex and depreciation, amortisation and impairment losses, H1

	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Group	
	2010 adjusted	2011	2010	2011	2010	2011	2010 adjusted	2011	2010	2011	2010	2011
Capex (€m)	198	143	104	222	37	36	82	121	60	101	481	623
Depreciation, amortisation and impairment losses (€m)	146	153	192	169	49	49	146	143	108	97	641	611
Ratio of capex to depreciation, amortisation and impairment losses	1.36	0.93	0.54	1.31	0.76	0.73	0.56	0.85	0.56	1.04	0.75	1.02

14 Capex and depreciation, amortisation and impairment losses, Q2

	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Group	
	2010 adjusted	2011	2010	2011	2010	2011	2010 adjusted	2011	2010	2011	2010	2011
Capex (€m)	114	95	63	140	19	15	47	61	43	60	286	371
Depreciation, amortisation and impairment losses (€m)	74	77	103	87	25	24	75	67	46	48	323	303
Ratio of capex to depreciation, amortisation and impairment losses	1.54	1.23	0.61	1.61	0.76	0.63	0.63	0.91	0.93	1.25	0.89	1.22

15 Capex by region



Capital expenditure in the MAIL division fell from €198 million to €143 million in the first half of 2011, primarily because some investments were deferred to later in the year and because high non-recurring expenses had been incurred for new sorting systems in the prior-year period.

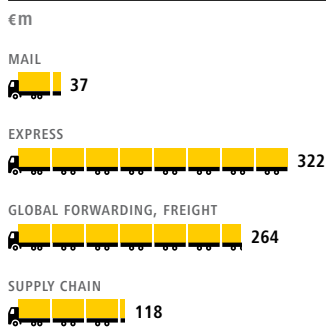
In the EXPRESS division, capex amounted to €222 million in the first half of 2011, which is well above the prior-period figure of €104 million. The investments related mainly to the optimisation of our aircraft fleet as well as our European and Asian infrastructures.

In the GLOBAL FORWARDING, FREIGHT division a total of €36 million was invested in the first half of 2011 (previous year: €37 million). Of this figure, €23 million was attributable to the Global Forwarding business unit, where we focused on fitting out and modernising our warehouses especially in the Asia Pacific region. In the Freight business unit we invested €13 million, mainly in property, plant and equipment.

In the SUPPLY CHAIN division, capital expenditure increased by €39 million year on year to €121 million in the first half of 2011. Of this amount, €100 million was attributable to the Supply Chain business unit, €18 million to Williams Lea and €3 million to central entities. The investments were made to support new and existing business, with the majority of the increase relating to Supply Chain UK and Williams Lea UK.

Cross-divisional capital expenditure rose from €60 million in the first half of 2010 to €101 million in the reporting period. The purchase of vehicles accounted for the highest share of expenditure. In the first half of 2010, capital expenditure in this area had been considerably reduced when vehicle operating life was extended and new vehicle orders suspended.

16 Operating cash flow by division, H1 2011



Cash flow statement

Net cash from operating activities rose by €13 million to €283 million in the first half of 2011, lifted by the improved EBIT and a decline in the utilisation of provisions. Gains from disposals of non-current assets in the amount of €48 million (previous year: €-255 million) have been adjusted in the net income/net loss from disposal of non-current assets line item. The cash flow that resulted is presented in net cash used in investing activities. The cash inflow before changes in working capital increased by €135 million to €1,026 million. However, the cash outflow from changes in working capital rose by €122 million, largely because the decreased level of liabilities in the first half of 2011 led to a cash outflow, whereas a cash inflow was registered in the same period the previous year. Operating cash flow is regularly impacted in the first half of the year by the prepaid annual contribution to the Bundes-Pensions-Service für Post und Telekommunikation; the 2011 payment was €542 million.

Net cash used in investing activities declined by €15 million to €328 million. In the previous year, the sale of the day-definite domestic express businesses in the UK and France, amongst other things, led to a cash outflow. In contrast, during the reporting period, cash paid for property, plant and equipment and intangible assets increased from €458 million to €683 million, as we invested more in replacements and expansion.

In the past, free cash flow was characterised by substantial changes in financial assets. In order to improve the informative value of free cash flow from an operating perspective, we have changed the way we report this indicator:

17 Calculation of free cash flow

€m	H1 2010	H1 2011	Q2 2010	Q2 2011
Net cash from operating activities	270	283	365	317
Sale of property, plant and equipment and intangible assets	85	95	31	43
Purchase of property, plant and equipment and intangible assets	-458	-683	-255	-378
Net cash used for changes in property, plant and equipment and intangible assets	-373	-588	-224	-335
Disposal of subsidiaries and other business units	-268	66	-244	66
Acquisition of subsidiaries and other business units	-51	-35	-4	-35
Net cash used for/from acquisitions/divestments	-319	31	-248	31
Interest received	24	36	13	24
Interest paid	-92	-101	-20	-34
Net interest payments	-68	-65	-7	-10
Free cash flow	-490	-339	-114	3

Free cash flow changed from €-490 million in the first half of 2010 to €-339 million in the first half of 2011. A positive free cash flow of €3 million was generated in the second quarter of 2011, compared with €-114 million the previous year.

Net cash used in financing activities was €168 million higher year on year, at €1,194 million. The dividend payment to our shareholders was the largest item in this area and was €61 million higher than in the previous year, at €786 million. In addition, the change in financial liabilities led to a cash outflow of €201 million, €100 million more than in the previous year.

Compared with 31 December 2010, cash and cash equivalents fell from €3,415 million to €2,125 million due to the changes in the cash flows from the individual activities.

Assets and liabilities

18 Selected indicators for net assets

		31 Dec. 2010	30 June 2011
Equity ratio	%	28.3	28.2
Net liquidity (-)/net debt (+)	€m	-1,382	-202
Net interest cover ¹⁾		11.3	18.3
FFO to debt ²⁾	%	35.2	31.0

¹⁾ In the first half.

²⁾ For calculation → page 9.

Decline in Group's total assets

The Group's total assets amounted to €36,023 million as at 30 June 2011, €1,740 million lower than at 31 December 2010.

Since the planned sale of Postbank is now expected to take place in less than 12 months, it was necessary to reclassify all of the associated non-current assets and liabilities to the relevant current balance sheet items. In addition, the carrying amount of the investment in Postbank was reclassified as held for sale.

These reclassifications were the main reason why non-current assets declined by €4,765 million to €19,728 million: investments in associates and non-current financial assets decreased by €1,797 million and €2,509 million respectively. Intangible assets declined by €338 million to €11,510 million, mainly as a result of currency translation differences. Property, plant and equipment also decreased, falling from €6,130 million to €6,037 million, due amongst other things to currency translation differences. Deferred tax assets declined by €35 million to €938 million.

At €16,295 million, current assets were €3,025 million higher than the prior-year figure. Current financial assets rose from €655 million to €2,806 million, largely as a result of the above-mentioned reclassifications in connection with the sale of Postbank. Receivables and other current assets increased from €8,641 million to €8,870 million, with the accrual of the prepaid annual contribution to Bundes-Pensions-Service accounting for €271 million of this increase. Cash and cash equivalents declined from €3,415 million to €2,125 million. Assets held for sale rose from €113 million to €2,042 million as at the reporting date, mainly because we reclassified our remaining equity interest in Postbank.

At €9,997 million, equity attributable to Deutsche Post shareholders is €514 million lower than at 31 December 2010. This decline is attributable to negative currency translation differences and the dividend paid to our shareholders, which more than offset the positive contribution made by consolidated net profit.

The decline in current and non-current liabilities from €17,640 million to €16,896 million is attributable in particular to the reduction in trade payables. At €5,182 million, trade payables were down €525 million, reflecting a seasonal effect: business is usually stronger towards the end of the financial year than at the end of the first half. Financial liabilities decreased by €233 million to €6,789 million, accompanied by a fundamental change in the maturity structure: the liabilities relating to the planned Postbank sale were reclassified from non-current financial liabilities to current financial liabilities, in line with the methodology applied to the related assets. Current and non-current provisions were also reduced, from €9,427 million to €8,971 million, partly as a result of the utilisation of provisions and currency translation differences.

Balance sheet indicators

Our net liquidity declined from €1,382 million as at 31 December 2010 to €202 million as at 30 June 2011, in part because we distributed the dividend of €786 million for the 2010 financial year to our shareholders in May. In addition, in the first quarter we paid the annual contribution of €542 million to the Bundes-Pensions-Service für Post und Telekommunikation in advance. The equity ratio declined by 0.1 percentage points to 28.2%. Net interest cover shows the extent to which net interest obligations are covered by EBIT. This indicator improved from 11.3 to 18.3. As we have net liquidity, the informative value of net gearing is limited. We therefore do not present and comment on it here.

19 Net liquidity (–)/net debt (+)

€m

	31 Dec. 2010	30 June 2011
Non-current financial liabilities	6,275	2,027
⊕ Current financial liabilities	747	4,762
⊖ Financial liabilities	7,022	6,789
⊖ Cash and cash equivalents	3,415	2,125
⊖ Current financial assets	655	2,806
⊖ Long-term deposits ¹⁾	120	0
⊖ Positive fair value of non-current financial derivatives ¹⁾	2,531	137
⊖ Financial assets	6,721	5,068
⊖ Financial liabilities to Williams Lea minority shareholders	28	26
⊖ Mandatory exchangeable bond ²⁾	2,796	2,860
⊖ Collateral for the put option ²⁾	1,248	1,273
⊕ Net effect from measurement of Postbank derivatives ³⁾	2,389	2,236
⊖ Non-cash adjustments	1,683	1,923
Net liquidity (–)/net debt (+)	–1,382	–202

1) Reported in non-current financial assets in the balance sheet.

2) Reported in non-current or current financial liabilities in the balance sheet.

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

DIVISIONS

Overview

20 Key figures by operating division

€m	H1 2010 adjusted	H1 2011	+/- %	Q2 2010 adjusted	Q2 2011	+/- %
MAIL						
Revenue	6,771	6,768	0.0	3,265	3,254	-0.3
of which Mail Communication	2,816	2,669	-5.2	1,347	1,283	-4.8
Dialogue Marketing	1,264	1,288	1.9	597	609	2.0
Press Services	402	394	-2.0	197	192	-2.5
Value-Added Services	169	180	6.5	83	91	9.6
Parcel Germany	1,269	1,373	8.2	619	667	7.8
Retail Outlets	388	397	2.3	192	199	3.6
Global Mail	837	815	-2.6	414	389	-6.0
Pension Service	45	48	6.7	25	25	0.0
Consolidation/Other	-419	-396	5.5	-209	-201	3.8
Profit from operating activities (EBIT)	632 ²⁾	556	-12.0	243 ³⁾	183	-24.7
Return on sales (%) ¹⁾	9.3	8.2	-	7.4	5.6	-
Operating cash flow	259	37	-85.7	267	182	-31.8
EXPRESS						
Revenue	5,488	5,715	4.1	2,868	2,950	2.9
of which Europe	2,537	2,461	-3.0	1,260	1,249	-0.9
Americas	893	941	5.4	484	488	0.8
Asia Pacific	1,610	1,766	9.7	880	925	5.1
EEMEA (Eastern Europe, the Middle East and Africa)	591	618	4.6	312	317	1.6
Consolidation/Other	-143	-71	50.3	-68	-29	57.4
Profit/loss from operating activities (EBIT)	80 ⁴⁾	460	>100	-30 ⁵⁾	244	>100
Return on sales (%) ¹⁾	1.5	8.0	-	-1.0	8.3	-
Operating cash flow	336	322	-4.2	255	184	-27.8
GLOBAL FORWARDING, FREIGHT						
Revenue	6,728	7,321	8.8	3,611	3,740	3.6
of which Global Forwarding	4,992	5,381	7.8	2,716	2,749	1.2
Freight	1,789	2,007	12.2	922	1,026	11.3
Consolidation/Other	-53	-67	-26.4	-27	-35	-29.6
Profit from operating activities (EBIT)	152 ⁶⁾	181	19.1	99 ⁷⁾	112	13.1
Return on sales (%) ¹⁾	2.3	2.5	-	2.7	3.0	-
Operating cash flow	5	264	>100	15	148	>100
SUPPLY CHAIN						
Revenue	6,348	6,464	1.8	3,304	3,191	-3.4
of which Supply Chain	5,871	5,944	1.2	3,051	2,929	-4.0
Williams Lea	476	522	9.7	253	263	4.0
Consolidation/Other	1	-2	-	0	-1	-
Profit from operating activities (EBIT)	109 ⁸⁾	193	77.1	53 ⁹⁾	115	>100
Return on sales (%) ¹⁾	1.7	3.0	-	1.6	3.6	-
Operating cash flow	23	118	>100	-22	65	>100

1) EBIT/revenue. 2) Before non-recurring items (adjusted): €636 million. 3) Before non-recurring items (adjusted): €245 million. 4) Before non-recurring items: €352 million. 5) Before non-recurring items: €198 million. 6) Before non-recurring items: €156 million. 7) Before non-recurring items: €102 million. 8) Before non-recurring items (adjusted): €133 million. 9) Before non-recurring items (adjusted): €70 million.

MAIL division

Revenue largely on par with prior year

As at 1 July 2010, we transferred significant parts of Williams Lea Germany from the SUPPLY CHAIN division to the MAIL division. These parts are reported on in the Value-Added Services business unit. Our 2010 segment reporting figures were adjusted accordingly.

Revenue in the first half of 2011, which had one additional working day compared to the first half of 2010, was €6,768 million and therefore on par with the prior year's level (€6,771 million). Since 1 July 2010, we have been required to apply VAT to revenues generated from business customers. In order to retain this key customer group, we increased our graduated discount scale, which lowered our revenue. In the first half of 2011, negative currency effects were €16 million.

More deliveries made for business customers

In the Mail Communication business unit, we made more deliveries for business customers for the third quarter in a row. However, since we increased the discount applicable to these deliveries, our revenue declined from €2,816 million to €2,669 million. Even though we retained and won back quality-conscious customers, some of our more price-sensitive customers turned to competitors.

Information on market volumes is collected each year; for the latest figures, please see page 51 of the 2010 Annual Report.

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21 Mail Communication: volumes

mail items (millions)

	H1 2010	H1 2011	+/- %	Q2 2010	Q2 2011	+/- %
Business customer letters	3,262	3,291	0.9	1,536	1,541	0.3
Private customer letters	594	598	0.7	283	301	6.4
Total	3,856	3,889	0.9	1,819	1,842	1.3

Revenue and volumes increase in addressed advertising mail

In the first half and the second quarter of 2011, revenue and volumes increased for both addressed advertising mail and our *Einkaufaktuell* product. Customers are again increasing their advertising budgets. In the first half of the year, revenue in this business unit was up 1.9% to €1,288 million (previous year: €1,264 million).

22 Dialogue Marketing: volumes

mail items (millions)

	H1 2010	H1 2011	+/- %	Q2 2010	Q2 2011	+/- %
Addressed advertising mail	2,964	3,039	2.5	1,444	1,472	1.9
Unaddressed advertising mail	2,086	1,993	-4.5	969	924	-4.6
Total	5,050	5,032	-0.4	2,413	2,396	-0.7

Press services revenue below prior year

Revenue in the Press Services business unit totalled €394 million in the reporting period, 2.0% below the prior-year figure of €402 million. In the second quarter, revenue decreased from €197 million to €192 million. The German press services market, the volume of which is described on page 52 of our 2010 Annual Report, continues to decline. Newspaper and magazine circulation is declining, although item weights remain stable.

Revenue from value-added services rises sharply

In the first half of 2011, revenue in the Value-Added Services business unit reached €180 million, exceeding the prior year's figure of €169 million by 6.5%. The rise was even more palpable in the second quarter, during which revenue was up 9.6% to €91 million. We were able to generate growth above all in our document management and mailroom services.

Parcel business gains momentum in booming e-commerce business

Revenue in the Parcel Germany business unit reached €1,373 million in the first half of 2011, improving on the previous year's high figure of €1,269 million by a very positive 8.2%. In the second quarter, revenue was up by 7.8% from €619 million to €667 million. The strong growth trend seen in this business unit is primarily a result of the boom in e-commerce.

23 Parcel Germany: volumes

parcels (millions)

	H1 2010	H1 2011	+/- %	Q2 2010	Q2 2011	+/- %
Business customer parcels ¹⁾	318	354	11.3	157	175	11.5
Private customer parcels	52	51	-1.9	24	24	0.0
Total	370	405	9.5	181	199	9.9

¹⁾ Including intragroup sales.

Retail outlet revenue slightly above prior year

In the first half of 2011, our some 20,000 outlets and sales points generated revenue of €397 million, which represents a 2.3% increase over the prior year's figure of €388 million. In the second quarter alone the rise was 3.6%.

Mail business in the Netherlands discontinued

In the Global Mail business revenue and volumes declined year on year as we discontinued the bulk mail business in the Netherlands. At €815 million revenue in the first half of 2011 declined by 2.6% (previous year: €837 million). In the second quarter, the decline was 6.0% to €389 million (previous year: €414 million). Revenue in the first half of the year was impacted by negative currency effects of €16 million. We are seeing encouraging revenue growth in our traditional export business and in the United States.

24 Mail International: volumes

mail items (millions)

	H1 2010	H1 2011	+/- %	Q2 2010	Q2 2011	+/- %
Global Mail	3,206	1,728	-46.1	1,629	639	-60.8

EBIT below prior year's high figure due to VAT

EBIT in the MAIL division was €556 million, 12.0% below the prior year's high figure of €632 million. As expected, second-quarter EBIT trended down at €183 million compared with €243 million in the previous year. Despite growth in the parcel business and strict cost management, we were unable to compensate fully for the negative impact on earnings due to the above-mentioned VAT related discounts in the mail business and our investments in digital growth areas. In the first half of the year, return on sales was 8.2%.

Operating cash flow was €37 million (previous year: €259 million). This figure is impacted in the first quarter of each year by the annual payments to the Bundes-Pensions-Service für Post und Telekommunikation as well as by on-going VAT payments. Working capital was €-578 million, remaining at the low level of the prior year (€-593 million).

EXPRESS division

Positive business trend continues

In the EXPRESS division, revenue increased by 4.1% to €5,715 million in the first half of 2011 (previous year: €5,488 million) despite the fact that the figure for the first half of the previous year still included revenue of €201 million from our day-definite domestic businesses in the UK and France, which have meanwhile been sold. Excluding these sales and negative currency effects of €129 million, the rise in revenue was an encouraging 10.1%. The growth in revenue was the result of a steady rise in time-definite shipment volumes: we transported 9.3% more shipments each day during the reporting period than in the prior year, both in the Time Definite International (TDI) product line and the Time Definite Domestic (TDD) product line. In the TDI product line, weight per shipment exceeded the prior-year figure by 6.2%. In addition, we were able to generate higher revenues from fuel surcharges levied to compensate for our higher fuel costs.

The positive business trend experienced in the first three months of 2011 continued in the second quarter. In the TDI product line, growth in per-day shipment volumes increased by 10.7% compared with the same quarter of the previous year, meaning that second-quarter growth clearly exceeded the growth rate already attained during the first quarter of the reporting year. In the TDD product line, per-day shipment volumes increased by 8.6% compared with the second quarter of 2010. Revenues and volumes decreased in the Day Definite Domestic (DDD) product line, primarily due to the sale of the day-definite domestic businesses in the UK and France.

Furthermore, we sold our domestic business in Canada at the end of June 2011, in order to focus on the international express services there.

➔ Note 2

25 EXPRESS: revenue by product

€m per day	H1 2010 adjusted	H1 2011	+/- %	Q2 2010 adjusted	Q2 2011	+/- %
Time Definite International (TDI)	27.2	30.1	10.7	28.2	31.7	12.4
Time Definite Domestic (TDD)	5.0	5.3	6.0	5.0	5.4	8.0
Day Definite Domestic (DDD)	5.5	3.9	-29.1	5.1	4.0	-21.6

26 EXPRESS: volumes by product

thousand of items per day	H1 2010 adjusted	H1 2011	+/- %	Q2 2010 adjusted	Q2 2011	+/- %
Time Definite International (TDI)	485	530	9.3	495	548	10.7
Time Definite Domestic (TDD)	634	693	9.3	640	695	8.6
Day Definite Domestic (DDD)	565	434	-23.2	472	442	-6.4

Steady growth in international shipment volumes in the Europe region

In the Europe region, revenue dropped by 3.0% to €2,461 million in the first half of 2011 (previous year: €2,537 million), above all due to the sale of our day-definite domestic businesses in the UK and France. Revenue in this region benefited from currency gains of €15 million, which resulted predominantly from our business activities in Switzerland and Scandinavia. Excluding these currency gains and structural changes, revenue increased by 4.3% year on year.

In the second quarter, per-day shipment volumes for the TDI product line increased by 10.1% compared with the prior-year period. Growth also accelerated compared with the trend of the first quarter. When comparing half-year figures, the rise in daily shipment volumes was 8.6% in the TDI product line.

Strong volume increase in the Americas region

Revenue in the Americas region increased by 5.4% to €941 million in the first half of 2011 (previous year: €893 million). This figure contains negative currency effects of €71 million, most of which were incurred in the second quarter. Excluding these effects, revenue increased strongly in the first half (13.3%).

Daily shipment volumes in the TDI product line rose by 9.7% in the first half of the year, with the increase in the United States reaching a strong 14.3%. The growth in volumes was greater in the second quarter than in the first three months. The increase compared with the prior year was 14.2% overall and 20.3% in the United States.

Asia Pacific continues to drive express business growth

The Asia Pacific region remains an important growth driver for our express business. Revenue for the first half rose by 9.7% to €1,766 million (previous year: €1,610 million). This figure reflects negative currency effects of €39 million. Excluding these effects, growth again reached double digits (12.1%).

Daily shipment volumes grew significantly, especially in the TDI product line, with a rise of 10.6% in the first half of the year and 11.3% in the second quarter.

Revenue and volumes grow in the EEMEA region

Revenue in the EEMEA region (Eastern Europe, the Middle East and Africa) increased by 4.6% to €618 million in the first half (previous year: €591 million). This figure contains negative currency effects of €41 million. Excluding these effects, growth amounted to 11.5%.

As in the first quarter, we also increased daily shipment volumes in the second quarter compared with the prior year in all product lines.

Significant profitability increase in all regions

The profitability of the EXPRESS division has risen considerably. Revenue and volumes are up significantly in all regions. In addition, we sold off our unprofitable day-definite domestic businesses in the UK and France in 2010 and in Canada in June 2011. Hence, EBIT for the first half of the year increased from €80 million to €460 million and the return on sales improved from 1.5% to 8.0%. The previous year's EBIT was impacted by non-recurring expenses in the amount of €272 million, mainly due to the aforementioned disposals.

In the second quarter, EBIT increased significantly from €-30 million to €244 million. Return on sales rose in the second quarter from -1.0% to 8.3%. EBIT for the second quarter of 2010 was impacted by non-recurring expenses in the amount of €228 million.

Operating cash flow dropped slightly from €336 million in the previous year to €322 million. The positive earnings trend from EBIT was largely negated by the high cash outflow for working capital.

GLOBAL FORWARDING, FREIGHT division

Continued positive development in freight forwarding business

The GLOBAL FORWARDING, FREIGHT division grew revenue in the first half of 2011 by 8.8% to €7,321 million (previous year: €6,728 million). This figure includes €66 million in negative currency effects. Excluding these effects growth was 9.7%. Overall, in the first half of 2011 we continued to grow profitably.

The Global Forwarding business unit increased revenue by 7.8% year on year, from €4,992 million to €5,381 million. The increase was 9.9% after adjustment for negative currency effects of €107 million. We were able to improve gross profit by 8.4% to €1,177 million (previous year: €1,086 million) despite a further increase in already high fuel prices in the reporting period.

Revenue and gross profit in air and ocean freight on upward trend

Our air freight business continued to perform well in the first half of 2011. Both transport volumes and gross profits were up. Gross profit in our ocean freight business increased considerably. Although fuel prices remained on a high level, air and ocean freight rates declined, as in the previous quarter, allowing us to improve our margins.

In the first half of 2011 air freight volumes rose by 3.0% year on year and revenue improved by 8.1%. Second-quarter volumes were 1.7% above the first quarter. We raised our gross profit in the first half of the year by 9.0%, benefiting from improved purchasing conditions now that capacity shortages are less prominent in the market.

In our ocean freight business, we maintained stable volumes in the first half of the year despite overcapacities in the market. In the second quarter, volumes were up 5.9% compared with the first three months of 2011. Revenue for the first half grew by 12.4% year on year, whilst gross profits climbed by a good 18.0%. This development is the result of our focus on selective growth in more attractive areas of business.

Our industrial project business, traditionally fairly volatile, was slightly below the level of the very successful prior-year (in the following table reported as part of Other). We expect to see clear growth in the second half of the year.

27 Global Forwarding: revenue

€m						
	H1 2010	H1 2011	+/- %	Q2 2010	Q2 2011	+/- %
Air freight	2,536	2,741	8.1	1,367	1,396	2.1
Ocean freight	1,556	1,749	12.4	853	872	2.2
Other	900	891	-1.0	496	481	-3.0
Total	4,992	5,381	7.8	2,716	2,749	1.2

28 Global Forwarding: volumes

thousands		H1 2010 adjusted ¹⁾	H1 2011	+/- %	Q2 2010 adjusted ¹⁾	Q2 2011	+/- %
Air freight	tonnes	2,130	2,193	3.0	1,093	1,106	1.2
of which exports	tonnes	1,184	1,212	2.4	603	616	2.2
Ocean freight	TEUs ²⁾	1,331	1,334	0.2	694	686	-1.2

1) At the beginning of 2011 we adapted our systems for recording transport volumes, which also resulted in a slight retroactive adjustment.

2) Twenty-foot equivalent units.

Overland transport business continues growth compared with previous year

The Freight business unit increased revenue in the first half of 2011 by 12.2% to €2,007 million (previous year: €1,789 million), which contains currency gains of €41 million. Business growth in Germany, Scandinavia and the Baltic countries played a key role in this development. Gross profit increased by 5.1% to €514 million (previous year: €489 million).

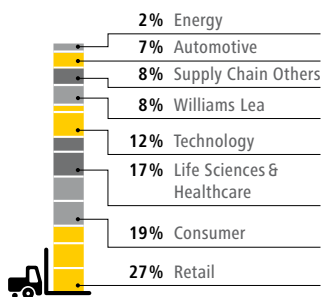
EBIT and cash flow both growing substantially

The division reported a substantial increase in EBIT, from €152 million to €181 million, as a result of the positive development in our margins and focusing on disciplined cost containment. This increase reflects a gain of 19.1%. The prior-year figure contained restructuring costs of €4 million. Return on sales amounted to 2.5% in the first half of the year (previous year: 2.3%). In the second quarter, EBIT was up by 13.1% from €99 million to €112 million. The prior-year figure contained restructuring costs of €3 million. We increased our return on sales to 3.0%, up from 2.7% in the same quarter last year. We continue to focus upon profitable growth in all sales channels and geographies as well as on selective sectors. Our customer orientation and sales activities helped strengthen existing relationships and led to new business.

Despite the growth in revenue, net working capital remained on a par with the prior year as a result of increased liabilities and improved receivables management. Operating cash flow was up significantly by €259 million to €264 million in the first half of the year (previous year: €5 million).

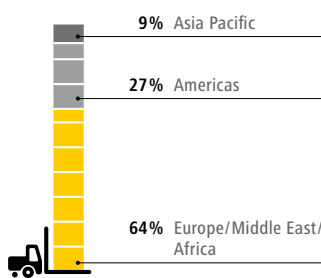
29 SUPPLY CHAIN: revenue by sector, H1 2011

Total revenue: €6,464 million



30 SUPPLY CHAIN: revenue by region, H1 2011

Total revenue: €6,464 million



SUPPLY CHAIN division

Revenue growth impacted by sale of Exel Transportation Services

As at 1 July 2010, we transferred significant parts of Williams Lea Germany from the SUPPLY CHAIN division to the MAIL division. The previous year's segment reporting figures were adjusted accordingly.

In the first half of 2011 we generated revenue of €6,464 million in the SUPPLY CHAIN division, an increase of 1.8% year on year (previous year: €6,348 million). On 1 April 2011 we sold Exel Transportation Services (ETS), a provider of freight brokerage and intermodal services in North America. The disposal of ETS, the acquisition of the Italian company Eurodifarm as well as negative currency effects reduced revenue growth by a total of €267 million. Excluding these major effects revenue growth was 6.0%. The sectors developed well, with Retail and Life Sciences & Healthcare again providing the largest increase. In the second quarter, revenue decreased from €3,304 million to €3,191 million year on year. The decline of 3.4% resulted primarily from the ETS disposal and the negative currency effects. Excluding these effects revenue growth was 6.1%.

Revenue of €5,944 million was generated by the Supply Chain business unit in the first half of 2011, an increase of 1.2% (previous year: €5,871 million). Growth amounted to 5.4% excluding the ETS disposal, the Eurodifarm acquisition and the negative currency effects. In the Americas region, the ETS disposal reduced the growth achieved in the Consumer, Retail and Life Sciences & Healthcare sectors. In the Asia Pacific region, we again attained our highest level of regional revenue growth from new and existing business, especially in China, Australia, India and Thailand. Japanese operations in those areas affected by the earthquake in March 2011 have returned to full capacity. Revenue also improved from new business gained in the UK, Africa and Eastern Europe. We continued to expand the Life Sciences & Healthcare sector, as evidenced by higher revenue in the UK businesses and the acquisition of Eurodifarm Italy. The sale of the temperature-controlled logistics business in April 2010 had a negative impact on revenue in Austria.

Williams Lea revenue increased by 9.7% in the first half of 2011 to €522 million (previous year: €476 million). The Americas marketing solutions business and new business gained in the European banking sector accounted for most of this growth.

New contracts worth more than half a billion euros concluded

In the first half of 2011 the Supply Chain business unit concluded additional contracts of approximately €540 million in annualised revenue with both new and existing customers. Around 60% of the new contracts were in the Retail and Consumer sectors, although we made gains in all focus sectors compared with the prior year. We monitor the performance of all major contracts on a regular basis. For new business, both revenue and profitability exceeded expectations for the most recent 12 months. The number of new contracts, the resulting revenue and the contribution margin have increased significantly. The annualised contract renewal rate was in line with the 2010 level.

The Williams Lea Americas region won a sizeable print management contract with an international direct marketing company in the first half of 2011.

EBIT margin improvement continues

Division EBIT rose from €109 million to €193 million in the first half of 2011. In the second quarter, we generated a gain on the disposal of ETS amounting to €23 million, including transaction costs. The prior-year figure contained restructuring costs of €24 million. The earnings improvement was achieved primarily due to an increase in business activity and continued cost reduction initiatives. The EBIT margin improved from 1.7% to 2.6%, excluding the gain on the disposal of ETS.

Second-quarter EBIT improved from €53 million in the prior year to €115 million. The prior-year figure contained €17 million in restructuring costs. The EBIT margin for the quarter was 3.6% (previous year: 1.6%); excluding the gain on the ETS disposal the margin was 2.9%.

Operating cash flow improved from €23 million to €118 million in the first half of 2011. Higher earnings and a lower cash outflow on restructuring were supplemented by a stable working capital position.

NON-FINANCIAL PERFORMANCE INDICATORS

Employees

Number of employees at prior-year level

The average number of employees (full-time equivalents) decreased slightly to 420,211 in the first six months of 2011, a 0.3% decline compared with the previous year's average. One of the main reasons was that we discontinued the mail business in the Netherlands.

Employee numbers to remain stable until end of year

Our current planning calls for maintaining the total number of employees at the current level in financial year 2011.

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.

FURTHER DEVELOPMENTS

International marketing execution and production services agency acquired

At the beginning of July 2011, Deutsche Post DHL acquired the British company Tag EquityCo Limited (Tag Equity), Cayman Islands, together with its subsidiaries. Tag Equity is an international provider of marketing execution and production services. The company has been assigned to the Williams Lea business unit within the SUPPLY CHAIN division.

 Note 2

OUTLOOK

Overall assessment of expected performance

We originally assumed that the world economy would grow by 3% to 4% in 2011 and that world trade would grow at a multiple of 1.5 to 2 times GDP growth. We continue to expect those growth forecasts to materialise. In light of our good performance in the first half of the year, we anticipate that consolidated EBIT for full-year 2011 will reach the upper end of the range we already announced this spring of between €2.2 billion and €2.4 billion. This encouraging trend is being driven by all divisions. The DHL divisions' EBIT is expected to be in the range of €1.6 billion and €1.7 billion, whilst the MAIL division is expected to contribute €1.0 billion to €1.1 billion. At around €-0.4 billion, the Corporate Center/Other result should be on a par with the previous year. Consolidated net profit before effects from the measurement of the Postbank instruments is expected to continue to improve in 2011 in line with our operating business.

Opportunities and risks

Opportunity and risk controlling process facilitates sustainable Group management

We identify, assess and report opportunities and risks to management at an early stage as part of a Group-wide process led by Corporate Controlling. This allows key information about future events and developments to flow systematically into the company's control processes. In this way, the opportunity and risk controlling process facilitates sustainable management of our company. We describe our opportunity and risk management process and the significant risks affecting our earnings, financial position, and assets and liabilities in the 2010 Annual Report beginning on page 88 and in the Interim Report January to March 2011 on page 22.

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Opportunities

We describe the Group's unchanged economic opportunities in the 2010 Annual Report starting on page 90.

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Risk arising from the formal investigation against the Federal Republic of Germany concerning possible subsidies

On 10 May 2011, the European Commission expanded the formal investigation it had initiated on 12 September 2007 against the Federal Republic of Germany concerning possible subsidies. The expansion relates to the regulations for funding civil servant pensions, which are to be more closely investigated in light of the recognition of pension costs in the price approval decisions.

In the opinion of Deutsche Post AG, the expansion of the investigation lacks any factual basis. The European Commission already thoroughly investigated the question of civil servant pensions in the past. In a state aid ruling published in 2002, the Commission was not able to establish that state aid incompatible with the law had been granted. The basic facts of the matter have not changed in the intervening years. Nonetheless, the possibility of the European Commission finding a case of incompatible state aid cannot be ruled out.

Overall assessment of the Group's risk position

In the first half of 2011, no further significant risks or changes arose beyond those presented in the 2010 Annual Report, the first Interim Report of 2011 and this report. No risks are currently identifiable that, individually or collectively, cast doubt upon the Group's ability to continue as a going concern.

Future economic parameters

Global upturn with regional uncertainties

According to the International Monetary Fund (IMF) global economic output will increase by 4.3% in full-year 2011 and global trade will grow by 8.2%. Economic risk emanates above all from the debt crisis in the euro zone and the debt ceiling deliberations in the US. A renewed increase in oil prices due to political unrest in Africa and the Middle East could also negatively impact the world economy.

The Japanese economy is expected to recover from the consequences of the earthquake. Moreover, clean-up and rebuilding activities are expected to lead to a strong rise in GDP in the second half of the year. However, this is not likely to suffice to fully offset the decline in production suffered to date, for which reason GDP is expected to drop notably in 2011 (IMF: -0.7%; Postbank Research: -1.0%). In China, the economy is expected to keep growing, albeit at a slower pace than in the prior year (IMF: 9.6%).

In the United States, consumer spending and industrial production is growing only marginally. The situation on the labour market is also likely to improve only very slowly. By contrast, major growth impetus is expected to come from exports and corporate investments. The economy is forecast to pick up slightly in the second half of the year. However, GDP growth for full-year 2011 is predicted to be weak (IMF: 2.5%; Postbank Research: 2.4%).

The euro zone economy is likely to continue growing, driven by corporate investments and exports. The variations in growth will remain quite large within the euro zone. Whilst the economies in Germany and the other core countries are expected to continue showing high growth rates, a number of severely indebted euro countries are still in or nearing recession. GDP growth is predicted to be only slight on the whole (IMF: 2.0%; Postbank Research: 2.0%).

The German economy is experiencing a stable upswing built on a broad foundation. The upturn is being driven above all by high investment momentum, which extends to both investment in machinery and equipment as well as construction activity. Consumer spending will also increase due to rising employment. Economic momentum could nonetheless abate in the second half of the year. GDP growth will again be markedly higher in Germany than in the rest of the euro zone in 2011 (IMF: 3.2%; Postbank Research: 3.3%).

Revenue and earnings forecast

We believe that the global economy will continue recovering in 2011 even though some economic risk does exist. We originally budgeted for growth of 3% to 4% and assumed that the international trading volumes relevant for our business would exceed this growth by a factor of 1.5 to 2. We continue to expect our revenue to increase more or less in line with our forecast medium-term growth rates of 7% to 9%, especially in the DHL divisions, with the increase pertaining to each of the three divisions.

In light of our good performance in the first half of the year, we anticipate that consolidated EBIT for full-year 2011 will reach the upper end of the range we already announced this spring of between €2.2 billion and €2.4 billion. This encouraging trend is being driven by all divisions. The DHL divisions' EBIT is expected to be in the range of €1.6 billion and €1.7 billion, whilst the MAIL division is expected to contribute €1.0 billion to €1.1 billion. At around €-0.4 billion, the Corporate Center/Other result should be on a par with the previous year.

We are maintaining our finance policy in 2011 and plan to increase capital expenditures to no more than €1.6 billion after having increased it to just under €1.3 billion in 2010. Following our corporate strategy, we are focusing on organic growth. We anticipate only a few small acquisitions in 2011, as in the previous year. In 2011, cash flow will be impacted by the restructuring measures resolved in 2009 to a much lesser extent than in previous years.

Provided that the global economy continues to recover, the positive trend in our earnings that we are anticipating for 2011 is likely to continue into 2012. The cost reduction measures and growth programmes initiated in the MAIL division are expected to stabilise EBIT even if traditional physical letter volumes continue to decline slowly due to electronic substitution. We expect EBIT to improve in the DHL divisions at an annual average of 13% to 15% until 2015 as trading volumes continue to recover.

The mark-to-market measurement of certain financial instruments required under IFRS in connection with the Postbank transaction will be reviewed at the end of each quarter until early 2012 and adjusted if necessary, based on the change in the Postbank share price. Any adjustments made will not impact liquidity and will be reported under net finance costs/net financial income. To a large extent, this impact will be negated by offsetting changes in the fair value of the remaining shareholding in Postbank. Consolidated net profit before effects from the measurement of the Postbank instruments is expected to continue to improve in 2011 in line with our operating business.

Projected financial position

Creditworthiness of the Group remains stable

Based on the projected earnings trend for 2011 and the planned increase in capital expenditure, we expect the “FFO to debt” performance metric to remain at approximately the prior-year level and the rating agencies to continue to rank our credit quality as adequate.

Liquidity situation remains good

Due to our favourable liquidity position, we continue to have no plans for any major funding initiatives at present. Since we pass on most of the commodity price risk to our customers, we do not expect potential fluctuations in the price of crude oil to impact our earnings.

Capital expenditure continues to increase

As described in the 2010 Annual Report, we intend to continue to step up capital expenditure in 2011. The majority of the increase will be focused on IT, machinery and transport equipment.

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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.

31 INCOME STATEMENT

1 January to 30 June

€ m

	H1 2010	H1 2011	Q2 2010	Q2 2011
Revenue	24,811	25,681	12,795	12,839
Other operating income	979	881	544	492
Total operating income	25,790	26,562	13,339	13,331
Materials expense	-13,930	-14,710	-7,344	-7,412
Staff costs	-8,323	-8,285	-4,149	-4,157
Depreciation, amortisation and impairment losses	-641	-611	-323	-303
Other operating expenses	-2,131	-1,765	-1,270	-897
Total operating expenses	-25,025	-25,371	-13,086	-12,769
Profit from operating activities (EBIT)	765	1,191	253	562
Net income from associates	58	58	24	0
Other financial income	1,743	178	193	99
Other finance costs	-594	-540	-344	-244
Foreign currency result	-21	-15	-15	-13
Net other financial income/net other finance costs	1,128	-377	-166	-158
Net financial income/net finance costs	1,186	-319	-142	-158
Profit before income taxes	1,951	872	111	404
Income taxes	-88	-218	-18	-101
Consolidated net profit for the period	1,863	654	93	303
attributable to Deutsche Post AG shareholders	1,828	603	81	278
attributable to non-controlling interests	35	51	12	25
Basic earnings per share (€)	1.51	0.50	0.07	0.23
Diluted earnings per share (€)	1.51	0.50	0.07	0.23

32 STATEMENT OF COMPREHENSIVE INCOME

1 January to 30 June

€ m

	H1 2010	H1 2011	Q2 2010	Q2 2011
Consolidated net profit for the period	1,863	654	93	303
Currency translation reserve				
Changes from unrealised gains and losses	777	-327	516	-46
Changes from realised gains and losses	22	-25	11	-25
Other changes in retained earnings				
Changes from unrealised gains and losses	1	1	1	1
Changes from realised gains and losses	0	0	0	0
Hedging reserve in accordance with IAS 39				
Changes from unrealised gains and losses	-25	15	-8	-10
Changes from realised gains and losses	24	-2	6	-3
Revaluation reserve in accordance with IAS 39				
Changes from unrealised gains and losses	4	-11	-3	-5
Changes from realised gains and losses	-16	0	-11	0
Revaluation reserve in accordance with IFRS 3				
Changes from unrealised gains and losses	-1	-1	-1	-1
Changes from realised gains and losses	0	0	0	0
Income taxes relating to components of other comprehensive income	4	-3	1	5
Share of other comprehensive income of associates (after tax)	24	10	-10	0
Other comprehensive income (after tax)	814	-343	502	-84
Total comprehensive income	2,677	311	595	219
attributable to Deutsche Post AG shareholders	2,626	272	579	195
attributable to non-controlling interests	51	39	16	24

33 BALANCE SHEET

€ m	31 Dec. 2010	30 June 2011
ASSETS		
Intangible assets	11,848	11,510
Property, plant and equipment	6,130	6,037
Investment property	37	36
Investments in associates	1,847	51
Non-current financial assets	3,193	656
Other non-current assets	465	500
Deferred tax assets	973	938
Non-current assets	24,493	19,728
Inventories	223	227
Income tax assets	223	225
Receivables and other current assets	8,641	8,870
Current financial assets	655	2,806
Cash and cash equivalents	3,415	2,125
Assets held for sale	113	2,042
Current assets	13,270	16,295
Total ASSETS	37,763	36,023
EQUITY AND LIABILITIES		
Issued capital	1,209	1,209
Other reserves	1,535	1,203
Retained earnings	7,767	7,585
Equity attributable to Deutsche Post AG shareholders	10,511	9,997
Non-controlling interests	185	159
Equity	10,696	10,156
Provisions for pensions and similar obligations	4,513	4,494
Deferred tax liabilities	215	197
Other non-current provisions	2,440	2,252
Non-current provisions	7,168	6,943
Non-current financial liabilities	6,275	2,027
Other non-current liabilities	401	376
Non-current liabilities	6,676	2,403
Non-current provisions and liabilities	13,844	9,346
Current provisions	2,259	2,028
Current financial liabilities	747	4,762
Trade payables	5,707	5,182
Income tax liabilities	463	468
Other current liabilities	4,047	4,070
Liabilities associated with assets held for sale	0	11
Current liabilities	10,964	14,493
Current provisions and liabilities	13,223	16,521
Total EQUITY AND LIABILITIES	37,763	36,023

34 CASH FLOW STATEMENT

1 January to 30 June

€ m

	H1 2010	H1 2011	Q2 2010	Q2 2011
Consolidated net profit for the period attributable to Deutsche Post AG shareholders ¹⁾	1,828	603	81	278
Consolidated net profit for the period attributable to non-controlling interests	35	51	12	25
Income taxes	88	218	18	101
Net other financial income/net other finance costs	-1,128	377	166	158
Net income from associates	-58	-58	-24	0
Profit from operating activities (EBIT)	765	1,191	253	562
Depreciation, amortisation and impairment losses	641	611	323	303
Net income/net loss from disposal of non-current assets	255	-48	253	-38
Non-cash income and expense	58	11	-12	1
Change in provisions	-631	-484	-273	-286
Change in other non-current assets and liabilities	-39	-53	-11	-28
Income taxes paid	-158	-202	-83	-116
Net cash from operating activities before changes in working capital	891	1,026	450	398
Changes in working capital				
Inventories	14	-13	10	2
Receivables and other current assets	-1,034	-580	-252	258
Liabilities and other items	399	-150	157	-341
Net cash from operating activities	270	283	365	317
Subsidiaries and other business units	-268	66	-244	66
Property, plant and equipment and intangible assets	85	95	31	43
Other non-current financial assets	41	11	27	3
Proceeds from disposal of non-current assets	-142	172	-186	112
Subsidiaries and other business units	-51	-35	-4	-35
Property, plant and equipment and intangible assets	-458	-683	-255	-378
Other non-current financial assets	-13	-13	-3	-4
Cash paid to acquire non-current assets	-522	-731	-262	-417
Interest received	24	36	13	24
Dividend received	4	0	0	0
Current financial assets	293	195	287	190
Net cash used in investing activities	-343	-328	-148	-91
Proceeds from issuance of non-current financial liabilities	16	7	8	0
Repayments of non-current financial liabilities	-114	-141	-85	-110
Change in current financial liabilities	-3	-67	-30	-45
Other financing activities	-54	-26	-20	-12
Proceeds from transactions with non-controlling interests	0	0	0	0
Cash paid for transactions with non-controlling interests	0	0	0	0
Dividend paid to Deutsche Post AG shareholders	-725	-786	-725	-786
Dividend paid to non-controlling interest holders	-44	-59	-37	-54
Purchase of treasury shares	-10	-21	0	0
Interest paid	-92	-101	-20	-34
Net cash used in financing activities	-1,026	-1,194	-909	-1,041
Net change in cash and cash equivalents	-1,099	-1,239	-692	-815
Effect of changes in exchange rates on cash and cash equivalents	100	-48	61	-6
Changes in cash and cash equivalents associated with assets held for sale	0	-3	0	3
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	3,064	3,415	2,696	2,943
Cash and cash equivalents at end of reporting period	2,065	2,125	2,065	2,125

¹⁾ The profit before income taxes item on the basis of which cash flows are calculated has been changed to consolidated net profit for the period attributable to Deutsche Post AG shareholders to increase transparency. The presentation of the prior-year figures has been adjusted. This change does not affect the calculation.

35 STATEMENT OF CHANGES IN EQUITY

1 January to 30 June

€ m

	Issued capital	Other reserves				Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
		Capital reserves	IAS 39 reserves	IFRS 3 revaluation reserve	Currency translation reserve				
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
Transactions with non-controlling interests	0	0	0	0	0	0	0	0	0
Changes in non-controlling interests 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
Balance at 1 January 2011	1,209	2,158	53	6	-682	7,767	10,511	185	10,696
Capital transactions with owner									
Dividend	0	0	0	0	0	-786	-786	-65	-851
Transactions with non-controlling interests	0	0	0	0	0	0	0	0	0
Changes in non-controlling interests due to changes in consolidated group	0	0	0	0	0	0	0	0	0
Purchase of treasury shares	-2	0	0	0	0	-20	-22	0	-22
Share Matching Scheme (issuance)	0	22	0	0	0	0	22	0	22
Share Matching Scheme (exercise)	2	-22	0	0	0	20	0	0	0
							-786	-65	-851
Total comprehensive income									
Consolidated net profit for the period	0	0	0	0	0	603	603	51	654
Currency translation differences	0	0	0	0	-343	0	-343	-12	-355
Other changes	0	0	12	-1	0	1	12	0	12
							272	39	311
Balance at 30 June 2011	1,209	2,158	65	5	-1,025	7,585	9,997	159	10,156

SELECTED EXPLANATORY NOTES

Company information

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany. The condensed consolidated interim financial statements of Deutsche Post AG and its subsidiaries cover the period from 1 January to 30 June 2011 and have been reviewed.

BASIS OF PREPARATION

1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 30 June 2011 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRSs to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2011 are not necessarily an indication of how business will develop in the future.

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 2010. For further information on the accounting policies applied, please refer to the consolidated financial statements for the year ended 31 December 2010, 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 IFRSs effective 1 January 2011

Departures from the accounting policies applied in financial year 2010 consist of the new or amended international accounting pronouncements under IFRSs required to be applied since financial year 2011.

- IAS 24 (Related Party Disclosures); the simplification option was already applied as at 31 December 2010 prior to the effective date.
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)
- IFRIC 14 (Prepayments of a Minimum Funding Requirement)
- IAS 32 (Financial Instruments: Presentation)
- Improvements to IFRSs (2010)

The amendments have no material effects on the consolidated financial statements. Detailed explanations can be found in the [2010 Annual Report, Note 4 "New developments in international accounting under the IFRSs"](#).

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. 2010	30 June 2011
Number of fully consolidated companies (subsidiaries)		
German	80	78
Foreign	747	741
Number of proportionately consolidated joint ventures		
German	1	1
Foreign	16	16
Number of equity-accounted companies (associates)		
German	28	28
Foreign	31	30

Acquisitions in 2011

As in the prior-year period, there were no material acquisitions in the first half of 2011. The following table presents acquisitions of subsidiaries which did not materially affect the Group's net assets, financial position and results of operations either individually or in the aggregate.

Additions 2011

Name	Country	Segment	Equity interest in %	Date of acquisition
Adcloud GmbH (Adcloud), Cologne	Germany	MAIL	100	1 April 2011
Eurodifarm srl. (Eurodifarm), Lodi	Italy	SUPPLY CHAIN	100	11 May 2011
Standard Forwarding LLC (Standard Forwarding), East Moline	United States	GLOBAL FORWARDING, FREIGHT	100	1 June 2011

Adcloud is a specialised provider of internet advertising space marketing and placement services. Eurodifarm is the market leader in the temperature-controlled distribution of pharmaceutical and diagnostic products in Italy. Standard Forwarding, a US company in the forwarding business, was acquired in order to expand capacity in the DHL Freight business unit.

Insignificant acquisitions 2011

€m	Carrying amount	Adjustments	Fair value
1 January to 30 June			
ASSETS			
Non-current assets	9	–	9
Current assets	24	–	24
Cash and cash equivalents	6	–	6
	39	–	39
EQUITY AND LIABILITIES			
Non-current liabilities and provisions	3	–	3
Current liabilities and provisions	33	–	33
	36	–	36
Net assets			3

Goodwill 2011

€m	Fair value
Acquisition cost	59
Less net assets	3
Goodwill	56

Variable purchase prices, which are given in the table below, were agreed for the acquisitions:

Contingent consideration

Basis	Period for financial years from to	Results range from	Fair value of payment obligation
Revenue and gross income	2011 to 2013	€0 to €25 million	€5.8 million
EBITDA	2011 and 2012	unlimited	¹⁾
Revenue and EBITDA	2011 to 2013	€0 to €3 million	¹⁾

¹⁾ The final fair value of the payment obligation will be disclosed in a subsequent financial report because not all the information is available as yet.

Inclusion of the companies as at 1 January 2011 would not have materially affected consolidated revenue and consolidated EBIT.

€50 million was expended on purchasing subsidiaries in the first half of 2011. In addition, Deutsche Post DHL received €8 million in purchase price adjustments relating to companies acquired in previous years. The purchase prices of the acquired companies were paid in cash.

Acquisitions in 2010

The cost of an insignificant acquisition in the prior-year period amounted to €4 million. Both the carrying amounts and fair values of the assets and liabilities and 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. There would have been no change if the company had been included as at January 2010.

In the first half of 2010, €4 million was spent to acquire subsidiaries and €47 million on subsidiaries acquired in previous years. The purchase prices of the acquired companies were paid in cash.

Acquisitions after the reporting date

At the beginning of July 2011, Deutsche Post DHL acquired the British company Tag EquityCo Limited (Tag Equity), Cayman Islands, together with its subsidiaries. Tag Equity is an international provider of marketing execution and production services. The company has been assigned to the Williams Lea business unit within the SUPPLY CHAIN segment. The purchase price was €123 million, €51 million of which are payable at a later date. The company's preliminary net assets amount to €–8 million. This results in preliminary goodwill of €131 million. Final purchase price allocation will be disclosed in a subsequent financial report because not all the information is available as yet.

Disposal and deconsolidation effects

The disposal and deconsolidation effects of companies and business units in the first six months of the year were as follows:

Disposal and deconsolidation effects

€ m	2010					2011		
	DHL Express UK	DHL Express France; DHL Freight France	DHL Supply Chain Austria	Miscellaneous	Total	Exel Transportation Services	DHL Express Canada	Total
1 January to 30 June								
Non-current assets	0	1	37	0	38	0	11	11
Current assets	0	0	36	0	36	0	2	2
Assets held for sale ¹⁾	54	68	0	2	124	113	0	113
Cash and cash equivalents	0	0	7	0	7	0	0	0
Non-current liabilities and provisions	0	0	19	0	19	0	0	0
Current liabilities and provisions	0	0	47	0	47	0	5	5
Liabilities associated with assets held for sale ¹⁾	39	91	0	1	131	62	0	62
Net assets	15	-22	14	1	8	51	8	59
Total consideration received	-26	-243	1	1	-267	55	10	65
Income (+)/expenses (-) from the currency translation reserve	-12	0	0	0	-12	24	1	25
Deconsolidation gain (+)/loss (-)	-53	-221	-13	0	-287	28	3	31

1) Figures before deconsolidation.

SUPPLY CHAIN SEGMENT

In April 2011, Deutsche Post DHL sold the freight forwarding company Exel Transportation Services Inc., USA, including Exel Trucking Inc., USA, and Exel Transportation Services Inc. (Canadian Branch), Canada, to the US-based Hub Group. The assets and liabilities as at 31 March 2011 were presented as held for sale in accordance with IFRS 5.

EXPRESS SEGMENT

At the end of June 2011, DHL Express Canada sold its domestic Canadian express business to TransForce, a transport company. The two companies have entered into a ten-year strategic alliance. The domestic express business is to be handled by TransForce's subsidiary Loomis Express. DHL Express Canada will continue to provide international express services.

DISPOSAL AND DECONSOLIDATION EFFECTS, 2010

In March of the prior-year period, DHL Express UK sold its day-definite domestic business. In April, DHL Supply Chain Austria sold parts of its contract logistics operations. The sale of DHL Express France's day-definite domestic business, and of DHL Freight France's champagne business, was completed in June. In the third quarter of 2010, the loss increased by €1 million to €-222 million due to adjustments of the net assets transferred. 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.

3 Significant transactions

At the end of February 2011, Deutsche Post AG's 39.5% interest in Deutsche Postbank AG was reclassified as held for sale; [Note 12](#).

INCOME STATEMENT DISCLOSURES

4 Other operating income

€ m	H1 2010	H1 2011
Income from the reversal of provisions	223	105
Rental and lease income	83	86
Insurance income	80	85
Income from currency translation differences	106	75
Income from fees and reimbursements	58	72
Gains on disposal of non-current assets	23	67
Commission income	57	48
Income from work performed and capitalised	43	44
Income from prior-period billings	38	33
Income from the remeasurement of liabilities	37	30
Reversals of impairment losses on receivables and other assets	30	27
Income from the derecognition of liabilities	16	15
Recoveries on receivables previously written off	5	14
Income from loss compensation	10	10
Subsidies	2	4
Income from derivatives	11	3
Miscellaneous	157	163
Total	979	881

Gains on disposal of non-current assets include €28 million in deconsolidation effects from the sale of the US-based Exel Transportation Services Group; [Note 2](#).

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

5 Other operating expenses

€m	H1 2010	H1 2011
Travel and training costs	145	161
Other business taxes	165	151
Expenses for advertising and public relations	142	149
Cost of purchased cleaning, transport and security services	142	141
Warranty expenses, refunds and compensation payments	120	128
Telecommunication costs	116	119
Insurance costs	48	94
Write-downs of current assets	94	87
Consulting costs (including tax advice)	80	85
Office supplies	84	81
Expenses from currency translation differences	108	77
Entertainment and corporate hospitality expenses	54	65
Voluntary social benefits	75	41
Services provided by the Federal Posts and Telecommunications Agency	39	38
Contributions and fees	26	34
Legal costs	73	29
Commissions paid	28	29
Losses on disposal of assets	335	20
Prior-period other operating expenses	11	19
Monetary transaction costs	15	15
Audit costs	14	14
Donations	12	14
Expenses from derivatives	35	10
Additions to provisions	6	2
Miscellaneous	164	162
Total	2,131	1,765

The decrease in other operating expenses is due primarily to the higher losses on the disposal of assets in the previous year. These related to the deconsolidation losses on the sale of business activities in the UK, France and Austria; [Note 2](#).

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

6 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses declined by €30 million year on year, from €641 million to €611 million. This item includes impairment losses of €10 million (previous year: €21 million), which are attributable to the segments as follows:

Impairment losses

€m	H1 2010	H1 2011
EXPRESS		
Property, plant and equipment	8	5
SUPPLY CHAIN		
Property, plant and equipment	0	5
Corporate Center / Other		
Property, plant and equipment	13	0
Impairment losses	21	10

The impairment losses disclosed for the EXPRESS segment mainly relate to IT equipment and transport equipment and are due to the reclassification of the domestic express business in Australia and China as assets held for sale in accordance with IFRS 5; [Note 12](#). €3 million of the impairment losses in the SUPPLY CHAIN segment is attributable to land and buildings and €2 million to technical equipment.

In the previous year, €13 million of the impairment losses was attributable to properties reclassified as assets held for sale. A further €6 million of the impairment losses related to aircraft.

7 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: €58 million) to net financial income/net finance costs; this is attributable to Deutsche Postbank AG, as in the previous year.

8 Net other financial income/net other finance costs

The planned sale of Postbank is the main factor influencing the net other finance costs of €377 million (previous year: net other financial income of €1,128 million). In addition, this item includes the changes in value resulting from the measurement of the Deutsche Postbank shares before and after they were reclassified as held for sale in accordance with IFRS 5; [Note 12](#).

Effects of planned sale of Postbank

€m	H1 2010	H1 2011
Interest expense on exchangeable bond	-62	-64
Interest expense on cash collateral	-23	-25
Net gain/loss on recognition and subsequent measurement of the forward	1,451	-107
Net gain/loss on measurements of the option (tranche III)	2	-47
Impairment loss (-) on measurement of shares before reclassification under IFRS 5	0	-63
Impairment loss (-)/reversal of impairment loss (+) on shares under IFRS 5	0	115
Total	1,368	-191

9 Earnings per share

Basic earnings per share in the reporting period were €0.50.

Basic earnings per share

	H1 2010	H1 2011
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m 1,828	603
Weighted average number of shares outstanding	shares 1,208,887,575	1,208,740,874
Basic earnings per share	€ 1.51	0.50

Diluted earnings per share in the reporting period were €0.50. Executives were entitled to 3,830,514 rights to shares as at the reporting date.

Diluted earnings per share

	H1 2010	H1 2011
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m 1,828	603
Weighted average number of shares outstanding	shares 1,208,887,575	1,208,740,874
Potentially dilutive shares	shares 345,624 ¹⁾	1,038,180
Weighted average number of shares for diluted earnings	shares 1,209,233,199 ¹⁾	1,209,779,054
Diluted earnings per share	€ 1.51	0.50

1) Adjusted prior-year amount. The adjustment did not affect diluted earnings.

BALANCE SHEET DISCLOSURES

10 Intangible assets and property, plant and equipment

Investments in intangible assets (excluding goodwill) and property, plant and equipment in the period up to 30 June 2011 amounted to €623 million (previous year: €481 million). Of this figure, €84 million (previous year: €72 million) was attributable to intangible assets. Investments in property, plant and equipment are shown in the following table:

Investments in property, plant and equipment

€m	30 June 2010	30 June 2011
Property, plant and equipment		
Land and buildings (incl. leasehold improvements)	28	17
Technical equipment and machinery	92	72
Transport equipment	53	97
Aircraft	41	16
IT equipment	35	30
Other operating and office equipment	21	23
Advance payments and assets under development	139	284
Total	409	539

Goodwill changed as follows in the reporting period:

Change in goodwill

€m	2010	2011
Cost		
As at 1 January	11,291	11,759
Additions to consolidated group	20	56
Additions	4	0
Disposals	-11	-34
Currency translation differences	455	-310
Balance at 31 December/30 June	11,759	11,471
Impairment losses		
As at 1 January	1,048	1,093
Disposals	0	-7
Impairment losses	0	0
Currency translation differences	45	-29
Balance at 31 December/30 June	1,093	1,057
Carrying amount at 31 December/30 June	10,666	10,414

The additions represent the goodwill for Adcloud, Eurodi-farm and Standard Forwarding; ➔ Note 2.

Of the net disposals of goodwill, €23 million relates to the Exel Transportation Services Group, €3 million to DHL Express Canada and €1 million to the part-disposal of Parcel Direct Group;

➔ Notes 2 and 12.

11 Investments in associates

The decline in investments in associates is due solely to the reclassification at the end of February 2011 of the carrying amount of the investment in Deutsche Postbank AG (€1,801 million) as held for sale; [Note 12](#).

Investments in associates

€ m	2010	2011
As at 1 January	1,772	1,847
Changes in Group's share of equity		
Changes recognised in profit or loss	56	58
Profit distributions	-4	0
Changes recognised in other comprehensive income	93	10
Impairment losses	-69	-63
Elimination of intercompany profits and losses	-1	0
Reclassified to current assets	0	-1,801
Carrying amount at 31 December / 30 June	1,847	51

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

€ m	Assets		Liabilities	
	31 Dec. 2010	30 June 2011	31 Dec. 2010	30 June 2011
Investment in Deutsche Postbank AG	0	1,916	0	0
Deutsche Post AG – real estate	71	70	0	0
Chinese domestic express business	0	16	0	10
Deutsche Post Immobilienentwicklung Grundstücksgesellschaft mbH & Co. Logistikzentren KG, Germany – real estate	25	15	0	0
Exel Inc., USA – building	3	11	0	0
us Express Aviation, USA – aircraft	12	6	0	0
Parcel Direct Group Pty Limited, Australia – domestic express business	0	5	0	1
Other	2	3	0	0
Assets held for sale and liabilities associated with assets held for sale	113	2,042	0	11

Deutsche Post DHL intends to sell part of the Australian joint venture Parcel Direct Group Pty Limited, Australia, which is active in the domestic express business, together with its four subsidiaries. The sale of the companies is to take place in stages. The relevant companies' assets and liabilities were reclassified as held for sale in accordance with IFRS 5. The most recent measurement of the assets prior to their reclassification resulted in an impairment loss of €2 million, which was recognised in the depreciation, amortisation and impairment losses item.

Parcel Direct Group

€ m	30 June 2011
ASSETS	
Intangible assets	1
Receivables and other current assets	4
Total ASSETS	5
EQUITY AND LIABILITIES	
Current assets	1
Total EQUITY AND LIABILITIES	1

The equity item contains €1 million in income from the currency translation reserve.

Due to a change in the legal framework, Deutsche Post DHL intends to sell four Chinese joint ventures that are active in the domestic express business. The four companies are as follows: Shanghai Quanyi Express Limited Company (APEX 2), China; Shanghai Quanyi Express Limited Company (APEX 3), China; Beijing Sinotrans Express Co., Ltd., China, and Jingle Express Limited, Hong Kong. In line with the intention to sell, the companies' assets and liabilities were reclassified as assets and liabilities held for sale in accordance with IFRS 5. The most recent measurement of the assets prior to their reclassification resulted in an impairment loss of €3 million, which was recognised in the depreciation, amortisation and impairment losses item. In addition, the equity item contains €0.4 million in income in the currency translation reserve.

Chinese domestic express business

€m	30 June 2011
ASSETS	
Property, plant and equipment	1
Receivables and other current assets	12
Cash and cash equivalents	3
Total ASSETS	16
EQUITY AND LIABILITIES	
Current provisions and liabilities	10
Total EQUITY AND LIABILITIES	10

As part of the planned sale of Deutsche Postbank shares and in accordance with the contractual arrangements, the shares of Deutsche Postbank AG held by Deutsche Post AG amounting to a 39.5% interest (86,417,432 shares) were reclassified as held for sale at the end of February 2011.

As at 31 December 2010, the carrying amount of the investment in Deutsche Postbank AG was written down by €52 million due to the lower share price (as at 31 December 2010: €20.80 per share). The most recent measurement of the carrying amount of the investment prior to its reclassification resulted in an impairment loss of €63 million, which was recognised in net other finance costs.

Following reclassification, the investment in Deutsche Postbank is measured in accordance with IFRS 5. On 30 June 2011, the fair value of the investment amounted to €1,966 million. Deutsche Postbank's share price as at 30 June 2011 was €22.75. This resulted in a €115 million reversal of the impairment loss, which is presented in net other finance costs.

The equity item includes €70 million in income from the IAS 39 revaluation reserve and €44 million in expenses in the currency translation reserve that are attributable to Deutsche Postbank AG.

Deutsche Post Immobilienentwicklung Grundstücksgesellschaft, Germany, plans to sell four properties. These properties were therefore reclassified in the previous year from property, plant and equipment to assets held for sale. The most recent appraisal prior to reclassification resulted in an impairment loss of €13 million.

Surplus aircraft capacity that was no longer required following the restructuring of US Express Aviation was classified in accordance with IFRS 5 in the previous year.

13 Issued capital and purchase of treasury shares

Issued capital

€	2010	2011
Balance at 1 January	1,209,015,874	1,209,015,874
Treasury shares acquired	-769,794	-1,674,792
Treasury shares issued	769,794	1,674,792
Balance at 31 December/30 June	1,209,015,874	1,209,015,874

Deutsche Post AG acquired 1.67 million shares at a total price of €21 million, including transaction costs, in a number of transactions in order to settle entitlements due under the 2010 tranche of the bonus programme for executives (Share Matching Scheme). The weighted average purchase price per share was €12.79. The acquisition of treasury shares reduced the issued capital.

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.

The issued capital increased again when the shares were issued to the executives in April 2011. Changes in treasury shares are presented in the statement of changes in equity.

14 Retained earnings

Changes in retained earnings are presented in the statement of changes in equity.

Retained earnings

€m	2010	2011
Balance at 1 January	6,098	7,767
Dividend payment	-725	-786
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	2,541	603
Transactions with non-controlling interests	-147	0
Change due to Share Matching Scheme	-1	0
Miscellaneous other changes	1	1
Balance at 31 December/30 June	7,767	7,585

SEGMENT REPORTING

15 Segment reporting

Segments by division

	€ m													
	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/Other		Consolidation		Group	
1 January to 30 June	2010 ¹⁾	2011	2010	2011	2010	2011	2010 ¹⁾	2011	2010 ¹⁾	2011	2010 ¹⁾	2011	2010	2011
External revenue	6,711	6,705	5,332	5,532	6,444	7,012	6,291	6,404	33	28	0	0	24,811	25,681
Internal revenue	60	63	156	183	284	309	57	60	621	607	-1,178	-1,222	0	0
Total revenue	6,771	6,768	5,488	5,715	6,728	7,321	6,348	6,464	654	635	-1,178	-1,222	24,811	25,681
Profit/loss from operating activities (EBIT)	632	556	80	460	152	181	109	193	-208	-199	0	0	765	1,191
Net income from associates	0	0	0	0	0	0	0	0	58	58	0	0	58	58
Segment assets ²⁾	4,029	4,335	8,323	8,396	7,727	7,525	6,030	5,674	1,167	3,115	-246	-262	27,030	28,783
Investments in associates ³⁾	8	8	28	28	15	15	0	0	1,796	0	0	0	1,847	51
Segment liabilities ^{2), 3)}	2,795	2,661	2,525	2,372	2,777	2,795	2,942	2,614	818	764	-187	-181	11,670	11,025
Capex	198	143	104	222	37	36	82	121	60	101	0	0	481	623
Depreciation and amortisation	146	153	184	164	49	49	146	138	95	97	0	0	620	601
Impairment losses	0	0	8	5	0	0	0	5	13	0	0	0	21	10
Total depreciation, amortisation and impairment losses	146	153	192	169	49	49	146	143	108	97	0	0	641	611
Other non-cash expenses	120	108	484	97	31	38	61	44	21	27	0	0	717	314
Employees ⁴⁾	146,365	144,165	88,384	87,385	41,729	42,372	131,032	132,808	13,764	13,481	0	0	421,274	420,211
Q2														
External revenue	3,236	3,224	2,789	2,859	3,475	3,582	3,279	3,160	16	14	0	0	12,795	12,839
Internal revenue	29	30	79	91	136	158	25	31	310	298	-579	-608	0	0
Total revenue	3,265	3,254	2,868	2,950	3,611	3,740	3,304	3,191	326	312	-579	-608	12,795	12,839
Profit/loss from operating activities (EBIT)	243	183	-30	244	99	112	53	115	-112	-92	0	0	253	562
Net income from associates	0	0	0	0	0	0	0	0	24	0	0	0	24	0
Capex	114	95	63	140	19	15	47	61	43	60	0	0	286	371
Depreciation and amortisation	74	77	96	82	25	24	75	67	46	48	0	0	316	298
Impairment losses	0	0	7	5	0	0	0	0	0	0	0	0	7	5
Total depreciation, amortisation and impairment losses	74	77	103	87	25	24	75	67	46	48	0	0	323	303
Other non-cash expenses	67	59	352	53	16	19	33	20	13	4	0	0	481	155

Information about geographical areas

	€ m											
	Germany		Europe (excluding Germany)		Americas		Asia Pacific		Other regions		Group	
1 January to 30 June	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
External revenue	8,037	8,234	8,216	8,534	4,232	4,278	3,379	3,583	947	1,052	24,811	25,681
Non-current assets ²⁾	4,085	4,140	7,198	7,101	3,261	3,084	3,231	3,040	329	315	18,104	17,680
Capex	295	376	72	106	67	76	32	40	15	25	481	623
Q2												
External revenue	3,945	3,997	4,217	4,312	2,297	2,132	1,833	1,847	503	551	12,795	12,839
Capex	188	246	23	50	46	37	19	23	10	15	286	371

1) Prior-year amounts adjusted. 2) As at 31 December 2010 and 30 June 2011. 3) Including non-interest-bearing provisions. 4) Average FTEs, prior-year amount corresponds to that of financial year 2010.

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 latter 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 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 (excluding Germany), the Americas, Asia Pacific and Other regions. External revenue, non-current assets and capex are disclosed for these regions.

Revenue, assets and capex are allocated to the individual regions 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.

The allocation of assets to segment assets and of liabilities to segment liabilities between the MAIL division and Corporate Center/Other was modified for reasons of transparency. The prior-year figures were adjusted accordingly.

Additionally, goodwill of €-114 million arising from a previous intragroup transaction was reclassified from Corporate Center/Other to Consolidation. The adjustment did not affect the amounts presented for the operating segments. The prior-year figures were adjusted accordingly.

In the previous year, the management structure of Williams Lea Germany changed as at 1 July 2010. The reason for this was the many strategic and operational links between the MAIL division and Williams Lea Germany. Significant parts of Williams Lea Germany were therefore reclassified from the SUPPLY CHAIN division to MAIL. The prior-year figures were adjusted accordingly.

Reconciliation

€ m	H1 2010	H1 2011
Total income of reportable segments	973	1,390
Corporate Center/Other	-208	-199
Reconciliation to Group/Consolidation	0	0
Profit from operating activities (EBIT)	765	1,191
Net financial income/net finance costs	1,186	-319
Profit before income taxes	1,951	872
Income taxes	-88	-218
Consolidated net profit for the period	1,863	654

OTHER DISCLOSURES

16 Share-based payment

A new system to grant variable remuneration components to certain Group executives was implemented in financial year 2009.

Share Matching Scheme

		2009 tranche	2010 tranche	2011 tranche
Grant date		1 Nov. 2009	1 Jan. 2010	1 Jan. 2011
Term	months	53	63	63
End of term		March 2014	March 2015	March 2016
Share price at grant date	€	11.48	13.98	12.90

The sum of €22 million (31 December 2010: €20 million) was transferred to the capital reserves in the period up to 30 June 2011 for the 2009, 2010 and 2011 tranches of the Share Matching Scheme.

The exercise of the rights to shares under the 2010 tranche in April 2011 reduced the capital reserves by €22 million (previous year: €9 million for 2009 tranche) due to the issuance of treasury shares in this amount to the executives.

Capital reserves

€ m	2010	2011
Balance at 1 January	2,147	2,158
Addition		
Issue of rights under 2009 Share Matching Scheme	6	2
Issue of rights under 2010 Share Matching Scheme	14	17
Issue of rights under 2011 Share Matching Scheme	0	3
Exercise of rights under 2009 Share Matching Scheme	-9	0
Exercise of rights under 2010 Share Matching Scheme	0	-22
Balance at 31 December/30 June	2,158	2,158

The SAR provisions for the other share-based payment systems for executives amounted to €56 million as at 30 June 2011 (31 December 2010: €37 million).

17 Related party disclosures

There have been no material changes in related party disclosures as against 31 December 2010; ➔ 2010 Annual Report, Note 55.

18 Contingent liabilities and other financial obligations

The Group's contingent liabilities and other obligations have not changed significantly compared with 31 December 2010; ➔ 2010 Annual Report, Notes 51 and 52.

19 Other disclosures/Events after the reporting date

There were no significant events after the reporting date.

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, 1 August 2011

Deutsche Post AG
The Board of Management



Dr Frank Appel



Ken Allen



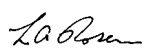
Roger Crook



Bruce A. Edwards



Jürgen Gerdes



Lawrence Rosen



Walter Scheurle

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

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

Düsseldorf, 1 August 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann	Dietmar Prümm
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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 2011 which are part of the half-yearly financial report pursuant to section 37w of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSS applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions

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The English version of the Interim Report January to June 2011 of Deutsche Post DHL constitutes a translation of the original German version.
 Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries.



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36 EVENTS

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financial figures for 2011

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MARCH 2012

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MARCH 2012

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MAY 2012

2012 Annual General
Meeting (Frankfurt am
Main)

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MAY 2012

Dividend payment

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AUGUST 2012

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NOVEMBER 2012

Investor events¹⁾

22–23 August 2011

Deutsche Bank German Corporate Conference (Tokyo)

1 September 2011

Commerzbank Sector Conference (Frankfurt am Main)

12–13 September 2011

UBS Transport Conference (London)

14–15 September 2011

UBS Best of Germany Conference (New York)

20–21 September 2011

Sanford C. Bernstein's Strategic Decisions Conference (London)

29 September 2011

UniCredit German Investment Conference (Munich)

12 October 2011

J.P. Morgan German Corporate Forum (London)

14–15 November 2011

DZ Bank Conference (Frankfurt am Main)

16–17 November 2011

WestLB Deutschland Conference (Frankfurt am Main)

16–17 November 2011

UBS European Conference (London)

6–7 December 2011

Credit Suisse Business Services Conference (San Francisco)

8 December 2011

Nomura German Conference (Tokyo)

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

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