

INCOME STATEMENT

1 January to 30 June

€m

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

STATEMENT OF COMPREHENSIVE INCOME

1 January to 30 June

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

1) Note 4.

BALANCE SHEET

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

CASH FLOW STATEMENT

1 January to 30 June

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

¹⁾ Note 4.

STATEMENT OF CHANGES IN EQUITY

1 January to 30 June

€ m

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

SELECTED EXPLANATORY NOTES

Company information

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

BASIS OF PREPARATION

1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 30 June 2010 were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRS to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2010 are not necessarily an indication of the further development of the course of business.

The accounting policies applied to the condensed consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2009. For further information on the accounting policies applied, please refer to the consolidated financial statements for the year ended 31 December 2009, on which these interim financial statements are based.

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

New developments in international accounting under IFRS effective 1 January 2010

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

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

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

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

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

Detailed explanations on these can be found in the [Annual Report 2009, Note 4](#) “New developments in international accounting under the IFRS”.

The accompanying condensed consolidated interim financial statements have been reviewed.

2 Consolidated group

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

Consolidated group

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

Acquisitions

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

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

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

Disposal and deconsolidation effects

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

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

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

Disposal and deconsolidation effects

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

¹⁾ Figures before deconsolidation.

3 Significant transactions

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

4 Adjustment of prior-period amounts

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

Adjustment of the cash flow statement

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

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

INCOME STATEMENT DISCLOSURES

5 Other operating income

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

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

6 Other operating expenses

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

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

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

7 Depreciation, amortisation and impairment losses

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

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

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

8 Net income from associates

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

9 Net other financial income

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

10 Profit from discontinued operations

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

Profit from discontinued operations

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

11 Earnings per share

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

Basic earnings per share

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

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

Diluted earnings per share

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

BALANCE SHEET DISCLOSURES

12 Intangible assets and property, plant and equipment

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

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

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

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

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

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

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

14 Issued capital and purchase of treasury shares

Issued capital

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

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

15 Retained earnings

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

Treasury shares

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

Changes in treasury shares are presented in the [statement of changes in equity](#).

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

SEGMENT REPORTING

16 Segment reporting

Segments by division

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

Information about geographical areas

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

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

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

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

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

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

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

Reconciliation

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

OTHER DISCLOSURES

17 Share-based payment

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

Capital reserves

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

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

18 Related-party disclosures

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

19 Contingent liabilities and other financial obligations

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

20 Other disclosures/Events after the balance sheet date

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

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

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

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, 2 August 2010


Deutsche Post AG
The Board of Management



Dr Frank Appel




Ken Allen



Bruce A. Edwards




Jürgen Gerdes



Lawrence Rosen



Walter Scheurle



Hermann Ude

REVIEW REPORT

To Deutsche Post AG

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Post AG, Bonn, for the period from 1 January to 30 June 2010 which are part of the half-year financial report pursuant to § (Article) 37w WpHG (*Wertpapierhandelsgesetz*: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Düsseldorf, 2 August 2010

PricewaterhouseCoopers
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Wirtschaftsprüfer
(German Public Auditor)

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Wirtschaftsprüfer
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