

Consolidated Interim Financial Statements

Income Statement

1 January to 31 March

€m	2007	2008
Revenue and income from banking transactions	15,473	15,748
Other operating income	471	479
Total operating income	15,944	16,227
Materials expense and expenses from banking transactions	-8,693	-9,191
Staff costs	-4,680	-4,583
Depreciation, amortisation and impairment losses	-420	-393
Other operating expenses	-1,153	-1,209
Total operating expenses	-14,946	-15,376
Profit from operating activities (EBIT)	998	851
Net income from associates	0	2
Other financial income	197	474
Other finance costs	-459	-739
Net other finance costs	-262	-265
Net finance costs	-262	-263
Profit before income taxes	736	588
Income tax expense	-147	-108
Consolidated net profit for the period	589	480
attributable to		
Deutsche Post AG shareholders	499	407
Minorities	90	73
	€	€
Basic earnings per share	0.41	0.34
Diluted earnings per share	0.41	0.34

Balance Sheet

as at 31 March 2008

€m	31 Dec. 2007	31 March 2008
ASSETS		
Intangible assets	14,226	13,847
Property, plant and equipment	8,754	7,583
Investment property	187	109
Investments in associates	203	190
Other non-current financial assets	857	791
Non-current financial assets	1,060	981
Other non-current assets	497	498
Deferred tax assets	1,020	1,172
Non-current assets	25,744	24,190
Inventories	248	249
Income tax assets	312	275
Receivables and other assets	9,806	10,038
Receivables and other securities from financial services	193,986	214,110
Financial instruments	72	90
Cash and cash equivalents	4,683	3,641
Non-current assets held for sale	615	1,141
Current assets	209,722	229,544
Total assets	235,466	253,734
EQUITY AND LIABILITIES		
Issued capital	1,207	1,208
Other reserves	875	228
Retained earnings	8,976	9,376
Equity attributable to Deutsche Post AG shareholders	11,058	10,812
Minority interest	2,801	2,529
Equity	13,859	13,341
Provisions for pensions and other employee benefits	5,989	5,952
Deferred tax liabilities	1,569	1,585
Other non-current provisions	3,015	2,987
Non-current provisions	10,573	10,524
Non-current financial liabilities	8,625	8,768
Other non-current liabilities	361	365
Non-current liabilities	8,986	9,133
Non-current provisions and liabilities	19,559	19,657
Income tax provisions	334	322
Other current provisions	1,703	1,653
Current provisions	2,037	1,975
Current financial liabilities	1,556	1,508
Trade payables	5,384	4,765
Liabilities from financial services	187,787	207,383
Income tax liabilities	139	100
Other current liabilities	5,101	5,005
Liabilities associated with non-current assets held for sale	44	0
Current liabilities	200,011	218,761
Current provisions and liabilities	202,048	220,736
Total equity and liabilities	235,466	253,734

Cash Flow Statement

1 January to 31 March

€m	2007 ¹⁾	2008
Net profit before taxes	736	588
Net finance costs	262	263
Profit from operating activities (EBIT)	998	851
Depreciation/amortisation of non-current assets	420	393
Net income from disposal of non-current assets	-76	-55
Non-cash income and expense	118	86
Change in provisions	-44	-222
Change in other assets and liabilities	-45	-2
Taxes paid	-115	-54
Net cash from operating activities before changes in working capital	1,256	997
Changes in working capital		
Inventories	16	-10
Receivables and other assets	-559	-573
Receivables/liabilities from financial services	701	-1,445
Liabilities and other items	-275	-438
Net cash from/used in operating activities	1,139	-1,469
Proceeds from disposal of non-current assets		
Divestitures	50	0
Other non-current assets	118	866
	168	866
Cash paid to acquire non-current assets		
Investments in companies	-154	-93
Other non-current assets	-395	-372
	-549	-465
Interest received	98	128
Current financial instruments	-10	-11
Net cash used in/from investing activities	-293	518
Change in financial liabilities	-160	139
Dividend paid to Deutsche Post AG shareholders	0	0
Dividend paid to other shareholders	-2	-5
Issuance of shares under stock option plan	21	10
Interest paid	-192	-198
Net cash used in financing activities	-333	-54
Net change in cash and cash equivalents	513	-1,005
Effect of changes in exchange rates on cash and cash equivalents	-5	-37
Changes in cash and cash equivalents due to changes in consolidated group	24	0
Cash and cash equivalents at beginning of reporting period	2,391	4,683
Cash and cash equivalents at end of reporting period	2,923	3,641

1) Prior-period amounts restated, see 2007 Annual Report, Note 47.

Statement of Changes in Equity

1 January to 31 March

€m	Other reserves				Retained earnings	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
	Issued capital	Capital reserves	IAS 39 reserves	Currency translation reserve				
Balance at 1 January 2007	1,202	2,037	-58	-451	8,490	11,220	2,732	13,952
Capital transactions with owner								
Capital contribution from retained earnings						0		0
Dividend						0	-2	-2
Stock option plans (exercise)	2	19				21		21
Stock option plans (issuance)		3				3		3
						24	-2	22
Other changes in equity not recognised in income								
Currency translation differences				-55		-55	-4	-59
Other changes			-51		17	-34	-43	-77
						-89	-47	-136
Changes in equity recognised in income								
Consolidated net profit					499	499	90	589
Total changes in equity recognised in income and not recognised in income						410	43	453
Balance at 31 March 2007	1,204	2,059	-109	-506	9,006	11,654	2,773	14,427
Balance at 1 January 2008	1,207	2,119	-347	-897	8,976	11,058	2,801	13,859
Capital transactions with owner								
Capital contribution from retained earnings						0		0
Dividend						0	-5	-5
Stock option plans (exercise)	1	9				10		10
Stock option plans (issuance)		2				2		2
						12	-5	7
Other changes in equity not recognised in income								
Currency translation differences				-322		-322	-22	-344
Other changes			-336		-7	-343	-318	-661
						-665	-340	-1,005
Changes in equity recognised in income								
Consolidated net profit					407	407	73	480
Total changes in equity recognised in income and not recognised in income						-258	-267	-525
Balance at 31 March 2008	1,208	2,130	-683	-1,219	9,376	10,812	2,529	13,341

Segment Reporting

Segments by division

1 January to 31 March	MAIL ¹⁾		EXPRESS ¹⁾		LOGISTICS ¹⁾		FINANCIAL SERVICES ¹⁾		Corporate Center/ Other ¹⁾		Group	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
€m												
External revenue	3,842	3,798	3,221	3,230	6,058	6,081	2,350	2,636	2	3	15,473	15,748
Internal revenue	112	102	112	137	159	154	134	130	-517	-523	0	0
Total revenue	3,954	3,900	3,333	3,367	6,217	6,235	2,484	2,766	-515	-520	15,473	15,748
Profit or loss from operating activities (EBIT)	660	599	31	21	201	173	243	190	-137	-132	998	851
Net income from associates	0	0	0	2	0	0	0	0	0	0	0	2
Segment assets ²⁾	6,018	6,094	9,160	9,014	14,472	13,612	197,448	217,108	480	953	227,578	246,781
Investments in associates ²⁾	22	22	174	161	6	6	0	0	1	1	203	190
Segment liabilities including non-interest-bearing provisions ²⁾	2,563	2,414	3,520	2,632	5,070	4,838	188,681	207,902	-384	491	199,450	218,277
Segment investments	300	38	207	227	132	166	26	17	1	17	666	465
Depreciation, amortisation and write-downs	109	96	108	104	96	95	41	35	66	63	420	393
Other non-cash expenses	39	20	9	34	59	28	133	117	8	40	248	239
Employees ³⁾	158,252	155,957	108,655	112,923	164,239	169,641	23,369	23,068	15,608	15,409	470,123	476,998

Segments by region

1 January to 31 March	Germany		Europe excluding Germany		Americas		Asia Pacific		Other regions		Group	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
€m												
External revenue	6,222	6,529	4,941	4,996	2,724	2,497	1,324	1,423	262	303	15,473	15,748
Segment assets ²⁾	182,722	202,243	28,449	28,575	11,581	11,118	4,309	4,278	517	567	227,578	246,781
Segment investments	116	97	406	199	89	68	31	88	24	13	666	465

1) Prior-period amounts restated, see note 8.

2) As at 31 December 2007 and 31 March 2008.

3) Average FTEs.

Notes to the Consolidated Interim Financial Statements

1 Basis of accounting

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

Preparation of the consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2008 are not necessarily an indication of the further development of the course of business.

The accounting policies applied to the consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2007. For further information on the accounting policies applied, please refer to the [i](#) consolidated financial statements for the period ended 31 December 2007 on which these interim financial statements are based. This interim report has not been audited.

[i investors.dpwn.com](http://investors.dpwn.com)

2 Consolidated group

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

Consolidated group

	31 Dec. 2007	31 March 2008
Number of fully consolidated companies (subsidiaries)		
German	113	115
Foreign	857	851
Number of proportionately consolidated joint ventures		
German	1	1
Foreign	12	12
Number of companies accounted for at equity (associates)		
German	3	3
Foreign	18	17

On 29 February 2008, Deutsche Post International B.V., the Netherlands, increased its interest in DHL Pakistan Private Limited, Pakistan, by 50.8% to 99.8%. The acquisition costs amounted to €30 million. Goodwill of €35 million arose on full consolidation of the company, which had previously been accounted for using the equity method.

Purchase price allocation for FC (Flying Cargo) International Transportation Ltd., Israel, which was acquired on 31 December 2007 for €74 million, is expected to be presented in the interim financial statements for the period ended 30 June 2008. Goodwill is provisionally estimated to be €73 million. In the first quarter of 2008, the former shareholders were paid the equivalent of €65 million, of which €45 million related to the first tranche of the purchase price payment and €20 million to the repayment of loans from former shareholders. The total cash outflow of €65 million is shown in the cash flow statement under investments in companies.

3 Share-based remuneration

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

Stock options

Number	SOP 2003		
	Tranche 2003	Tranche 2004	Tranche 2005
Outstanding options at 1 January 2008	1,197,538	3,170,940	8,816,004
Outstanding SARs at 1 January 2008	117,124	267,980	695,076
Options lapsed	0	3,948	87,576
SARs lapsed	0	3,948	0
Options exercised	286,823	358,946	0
SARs exercised	11,900	10,856	0
Outstanding options at 31 March 2008	910,715	2,808,046	8,728,428
Outstanding SARs at 31 March 2008	105,224	253,176	695,076

As at 31 March 2008, provisions for the 2006 SAR Plan and the 2006 Long-Term Incentive Plan (2006 LTIP for the Board of Management) amounted to €44 million (31 December 2007: €41 million). The issued capital increased from €1,207 million to €1,208 million following the servicing of the stock options from the 2003 and 2004 tranches. It is now composed of 1,208,116,367 no-par value registered shares.

4 Earnings per share


Basic earnings per share for the first quarter of 2008 were €0.34.

	Q1	
	2007	2008
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	499	407
Weighted average number of shares outstanding	1,203,715,207	1,208,045,980
Basic earnings per share (€)	0.41	0.34

Diluted earnings per share for the first quarter were €0.34. There were 12,447,189 stock options for executives at the reporting date, 1,880,545 of which were dilutive.

	Q1	
	2007	2008
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	499	407
Weighted average number of shares outstanding	1,203,715,207	1,208,045,980
Potentially dilutive shares	4,617,909	1,880,545
Weighted average number of shares for diluted earnings	1,208,333,116	1,209,926,525
Diluted earnings per share (€)	0.41	0.34

5 Related party disclosures

There have been no material changes in related party disclosures as against 31 December 2007; see Note 52 in the  2007 Annual Report.

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6 Contingent liabilities

The Group's contingent liabilities have not changed significantly compared with 31 December 2007. In addition, the Deutsche Postbank Group had irrevocable loan commitments amounting to €23,055 million (31 December 2007: €23,480 million).

7 Other operating income and expenses

Other operating income

€m	Q1	
	2007	2008
Income from currency translation differences	56	96
Gains on disposal of non-current assets	36	43
Insurance income	44	38
Income from the reversal of provisions	12	33
Income from work performed and capitalised	23	23
Income from the derecognition of liabilities	5	23
Rental and lease income	22	20
Income from fees and reimbursements	18	19
Reversals of impairment losses on receivables and other assets	16	16
Income from prior-period billings	11	14
Income from derivatives	7	9
Commission income	5	5
Income from loss compensation	8	5
Subsidies	6	3
Recoveries on receivables previously written off	4	2
Change in inventories	0	2
Net income from investment securities and insurance business (Deutsche Postbank Group)	69	1
Income from the sale of Vfw AG, Germany	59	0
Miscellaneous	70	127
Other operating income	471	479

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

Other operating expenses

€m	Q1	
	2007	2008
Public relations expenses	107	125
Travel and training costs	118	113
Expenses from currency translation differences	55	97
Other business taxes	88	86
Warranty expenses, refunds and compensation payments	80	79
Consulting costs	63	77
Allowance for losses on loans and advances from financial services (Deutsche Postbank Group)	90	75
Cost of purchased cleaning, transportation and security services	73	74
Telecommunication costs	80	73
Office supplies	65	54
Write-downs of current assets	58	49
Entertainment and corporate hospitality expenses	42	40
Insurance costs	46	29
Additions to provisions	46	22
Contributions and fees	13	20
Services provided by the Federal Posts and Telecommunications Agency	19	18
Expenses from derivatives	2	17
Legal costs	14	16
Donations	12	16
Prior-period other operating expenses	14	15
Commissions paid	14	13
Audit costs	9	10
Monetary transaction costs	8	9
Miscellaneous	37	82
Other operating expenses	1,153	1,209

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

8 Segment reporting disclosures

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

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

The amounts reported under non-current assets held for sale and liabilities associated with non-current assets held for sale relate to the following items:

€m	Assets		Liabilities	
	31 Dec. 2007	31 March 2008	31 Dec. 2007	31 March 2008
Deutsche Post AG – real estate	18	1,011	0	0
DHL Information Services (Europe) s.r.o., Czech Republic – IT equipment	0	76	0	0
DHL Information Services (Americas), Inc., USA – IT equipment	0	45	0	0
DHL Express (France) SAS – land/buildings	26	4	0	0
Asia-Pacific Information Services Sdn Bhd; Malaysia	0	4	0	0
Deutsche Post IT Services GmbH, Germany – IT equipment	0	1	0	0
Deutsche Postbank Group – credit card and sales financing business (BHW Bank AG)	565	0	44	0
Other	6	0	0	0
Non-current assets held for sale and liabilities associated with non-current assets held for sale	615	1,141	44	0

Around €993 million relates to the sale of Deutsche Post AG real estate to US investor Lone Star, as announced in November 2007. The portfolio comprises around 1,300 properties located mainly in Germany. The purchase price will be paid in several tranches, with the largest share expected to be paid by the end of 2008. Under the terms of the agreement, the contract will take economic effect on 1 July 2008. Deutsche Post World Net will lease back the majority of the properties.

In January 2008, Deutsche Post World Net and Hewlett-Packard Services (HP) signed a letter of intent to transfer responsibility for some of Deutsche Post World Net's global IT operations to HP Services. More specifically, this covers IT operations in Prague (Czech Republic), Scottsdale (Arizona, USA), Cyberjaya (Malaysia) and a number of European countries. As at 31 March 2008, IT equipment amounting to €126 million was reported as non-current assets held for sale.

The Deutsche Postbank Group's planned sale of the credit card and sales financing business of BHW Bank AG to Landesbank Berlin, which had been reported under non-current assets held for sale and liabilities associated with non-current assets held for sale as at 31 December 2007, was completed in the first quarter of 2008.

10 Other disclosures/Events after the balance sheet date

In April 2008, DHL Exel Supply Chain Hong Kong acquired from Sinotrans Air Transportation Development the remaining 50% of the shares in their joint venture, Exel-Sinotrans Freight Forwarding.

Deutsche Post Beteiligungen Holding GmbH (DPB), Germany, was able to increase its stake in Williams Lea Holdings PLC, UK, from 66% to 96%. Williams Lea's minority shareholders had until 18 April 2008 to accept an unconditional cash offer giving them the option to sell the outstanding shares to DPB.

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

In addition to the consolidated interim financial statements in which the Deutsche Postbank Group is fully consolidated, consolidated interim financial statements have been prepared with the Deutsche Postbank Group included at equity, as the activities of the Deutsche Postbank Group differ substantially from the ordinary activities of the other companies in Deutsche Post World Net. The Deutsche Postbank Group was excluded from full consolidation in the accompanying consolidated interim financial statements for the period ended 31 March 2008. The Deutsche Postbank Group is accounted for in these financial statements only as a financial investment carried at equity.

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

11.1 Additional information: Income statement (Postbank at equity)

1 January to 31 March

€m	2007	2008
Revenue	13,221	13,209
Other operating income	421	481
Total operating income	13,642	13,690
Materials expense	-7,237	-7,436
Staff costs	-4,336	-4,259
Depreciation, amortisation and impairment losses	-379	-359
Other operating expenses	-932	-964
Total operating expenses	-12,884	-13,018
Profit from operating activities (EBIT)	758	672
Net income from associates	0	2
Net income from measurement of Deutsche Postbank Group at equity	72	58
Other financial income	197	474
Other finance costs	-441	-726
Net other finance costs	-244	-252
Net finance costs	-172	-192
Profit before income taxes	586	480
Income tax expense	-69	-58
Consolidated net profit for the period	517	422
attributable to		
Deutsche Post AG shareholders	499	407
Minorities	18	15

11.2 Additional information: Balance sheet (Postbank at equity)

as at 31 March 2008

€m	31 Dec. 2007	31 March 2008
ASSETS		
Intangible assets	12,792	12,416
Property, plant and equipment	7,826	6,669
Investment property	115	36
Investments in associates	203	190
Investments in Deutsche Postbank Group	1,662	1,392
Other non-current financial assets	754	691
Non-current financial assets	2,619	2,273
Other non-current assets	497	498
Deferred tax assets	537	488
Non-current assets	24,386	22,380
Inventories	248	249
Income tax assets	195	175
Receivables and other assets	9,377	9,424
Financial instruments	74	92
Cash and cash equivalents	1,339	1,237
Non-current assets held for sale	50	1,141
Current assets	11,283	12,318
Total assets	35,669	34,698
EQUITY AND LIABILITIES		
Issued capital	1,207	1,208
Other reserves	875	228
Retained earnings	8,976	9,376
Equity attributable to Deutsche Post AG shareholders	11,058	10,812
Minority interest	146	142
Equity	11,204	10,954
Provisions for pensions and other employee benefits	4,846	4,802
Deferred tax liabilities	467	421
Other non-current provisions	2,073	2,043
Non-current provisions	7,386	7,266
Non-current financial liabilities	3,822	3,658
Other non-current liabilities	365	369
Non-current liabilities	4,187	4,027
Non-current provisions and liabilities	11,573	11,293
Income tax provisions	213	206
Other current provisions	1,680	1,634
Current provisions	1,893	1,840
Current financial liabilities	1,156	1,297
Trade payables	5,211	4,658
Income tax liabilities	139	100
Other current liabilities	4,493	4,556
Liabilities associated with non-current assets held for sale	0	0
Current liabilities	10,999	10,611
Current provisions and liabilities	12,892	12,451
Total equity and liabilities	35,669	34,698

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

1 January to 31 March

€m	2007 ¹⁾	2008
Net profit before taxes	586	480
Net finance costs excluding net income from measurement at equity	244	250
Net income from measurement at equity	-72	-58
Profit from operating activities (EBIT)	758	672
Depreciation/amortisation of non-current assets	379	359
Net income from disposal of non-current assets	-76	-26
Non-cash income and expense	28	14
Change in provisions	-121	-209
Change in other assets and liabilities	-45	-2
Taxes paid	-82	-52
Net cash from operating activities before changes in working capital	841	756
Changes in working capital		
Inventories	16	-10
Receivables and other assets	-490	-389
Liabilities and other items	-117	-216
Net cash from operating activities	250	141
Proceeds from disposal of non-current assets		
Divestitures	50	0
Other non-current assets	118	308
	168	308
Cash paid to acquire non-current assets		
Investments in companies	-149	-93
Other non-current assets	-377	-356
	-526	-449
Interest received	98	128
Postbank dividend	0	0
Current financial instruments	-55	-11
Net cash used in investing activities	-315	-24
Change in financial liabilities	-231	21
Dividend paid to Deutsche Post AG shareholders	0	0
Dividend paid to other shareholders	-2	-5
Issuance of shares under stock option plan	21	10
Interest paid	-197	-208
Net cash used in financing activities	-409	-182
Net change in cash and cash equivalents	-474	-65
Effect of changes in exchange rates on cash and cash equivalents	-5	-37
Changes in cash and cash equivalents due to changes in consolidated group	24	0
Cash and cash equivalents at beginning of reporting period	1,761	1,339
Cash and cash equivalents at end of reporting period	1,306	1,237

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