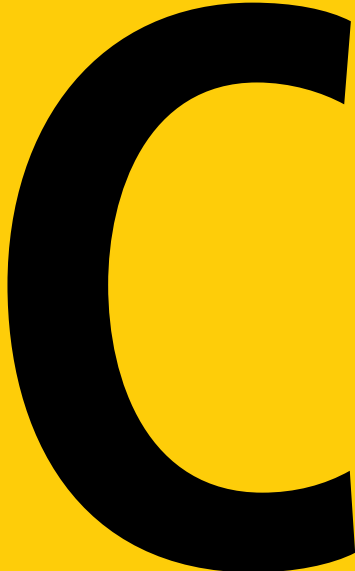
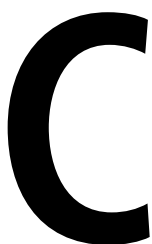


CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

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C.01 INCOME STATEMENT

1 January to 31 December

| €m | Note | 2012 adjusted ¹ | 2013 |
|--|------|-------------------------------|----------------|
| Revenue | 11 | 55,512 | 55,085 |
| Other operating income | 12 | 2,168 | 1,961 |
| Total operating income | | 57,680 | 57,046 |
| Materials expense | 13 | -31,863 | -31,212 |
| Staff costs | 14 | -17,770 | -17,785 |
| Depreciation, amortisation and impairment losses | 15 | -1,339 | -1,341 |
| Other operating expenses | 16 | -4,043 | -3,847 |
| Total operating expenses | | -55,015 | -54,185 |
| Profit from operating activities (EBIT) | | 2,665 | 2,861 |
| Net income from associates | 17 | 2 | 2 |
| Other financial income | | 657 | 182 |
| Other finance costs | | -1,078 | -431 |
| Foreign currency result | | -37 | -42 |
| Net other finance costs | 18 | -458 | -291 |
| Net finance costs | | -456 | -289 |
| Profit before income taxes | | 2,209 | 2,572 |
| Income taxes | 19 | -447 | -361 |
| Consolidated net profit for the period | 20 | 1,762 | 2,211 |
| attributable to Deutsche Post AG shareholders | | 1,640 | 2,091 |
| attributable to non-controlling interests | 21 | 122 | 120 |
| Basic earnings per share (€) | 22 | 1.36 | 1.73 |
| Diluted earnings per share (€) | 22 | 1.30 | 1.66 |

¹  Note 4.

C.02 STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December

| €m | Note | 2012 adjusted ¹ | 2013 |
|--|------|-------------------------------|--------------|
| Consolidated net profit for the period | | 1,762 | 2,211 |
| Items that will not be reclassified to profit or loss | | | |
| Change due to remeasurements of net pension provisions | | -1,198 | -50 |
| IFRS 3 revaluation reserve | | -2 | -1 |
| Other changes in retained earnings | | 2 | 1 |
| Income taxes relating to components of other comprehensive income | | 8 | 36 |
| Share of other comprehensive income of associates (after tax) | | 0 | 0 |
| Total (after tax) | | -1,190 | -14 |
| Items that may be subsequently reclassified to profit or loss | | | |
| IAS 39 revaluation reserve | | | |
| Changes from unrealised gains and losses | | -12 | 77 |
| Changes from realised gains and losses | | 0 | 0 |
| IAS 39 hedging reserve | | | |
| Changes from unrealised gains and losses | | -23 | 111 |
| Changes from realised gains and losses | | 59 | -49 |
| Currency translation reserve | | | |
| Changes from unrealised gains and losses | | 0 | -463 |
| Changes from realised gains and losses | | 3 | 1 |
| Income taxes relating to components of other comprehensive income | 19 | -7 | -26 |
| Share of other comprehensive income of associates (after tax) | | -37 | 0 |
| Total (after tax) | | -17 | -349 |
| Other comprehensive income (after tax) | | -1,207 | -363 |
| Total comprehensive income | | 555 | 1,848 |
| attributable to Deutsche Post AG shareholders | | 435 | 1,738 |
| attributable to non-controlling interests | | 120 | 110 |

¹  Note 4.

C.03 BALANCE SHEET

| €m | Note | 1 Jan. 2012 adjusted ¹ | 31 Dec. 2012 adjusted ¹ | 31 Dec. 2013 |
|--|------|--------------------------------------|---------------------------------------|---------------|
| ASSETS | | | | |
| Intangible assets | 24 | 12,196 | 12,151 | 11,836 |
| Property, plant and equipment | 25 | 6,493 | 6,663 | 6,814 |
| Investment property | 26 | 40 | 43 | 33 |
| Investments in associates | 27 | 44 | 46 | 48 |
| Non-current financial assets | 28 | 729 | 1,039 | 1,124 |
| Other non-current assets | 29 | 280 | 298 | 184 |
| Deferred tax assets | 30 | 1,206 | 1,328 | 1,327 |
| Non-current assets | | 20,988 | 21,568 | 21,366 |
| Inventories | 31 | 273 | 322 | 403 |
| Current financial assets | 32 | 2,498 | 252 | 821 |
| Trade receivables | 33 | 6,934 | 6,959 | 7,040 |
| Other current assets | 34 | 2,155 | 2,153 | 2,221 |
| Income tax assets | 35 | 239 | 127 | 168 |
| Cash and cash equivalents | 36 | 3,123 | 2,400 | 3,417 |
| Assets held for sale | 37 | 1,961 | 76 | 42 |
| Current assets | | 17,183 | 12,289 | 14,112 |
| Total ASSETS | | 38,171 | 33,857 | 35,478 |
| EQUITY AND LIABILITIES | | | | |
| Issued capital | 38 | 1,209 | 1,209 | 1,209 |
| Capital reserves | 39 | 2,170 | 2,254 | 2,269 |
| Other reserves | 40 | -456 | -475 | -819 |
| Retained earnings | 41 | 6,366 | 6,031 | 7,198 |
| Equity attributable to Deutsche Post AG shareholders | 42 | 9,289 | 9,019 | 9,857 |
| Non-controlling interests | 43 | 189 | 209 | 191 |
| Equity | | 9,478 | 9,228 | 10,048 |
| Provisions for pensions and similar obligations | 44 | 6,055 | 5,216 | 5,017 |
| Deferred tax liabilities | 30 | 186 | 156 | 124 |
| Other non-current provisions | 45 | 2,117 | 1,943 | 1,574 |
| Non-current provisions | | 8,358 | 7,315 | 6,715 |
| Non-current financial liabilities | 46 | 1,366 | 4,413 | 4,612 |
| Other non-current liabilities | 47 | 347 | 276 | 227 |
| Non-current liabilities | | 1,713 | 4,689 | 4,839 |
| Non-current provisions and liabilities | | 10,071 | 12,004 | 11,554 |
| Current provisions | 45 | 2,134 | 1,663 | 1,745 |
| Current financial liabilities | 46 | 5,644 | 403 | 1,328 |
| Trade payables | 48 | 6,168 | 5,991 | 6,392 |
| Other current liabilities | 47 | 4,106 | 4,004 | 3,981 |
| Income tax liabilities | 35 | 570 | 534 | 430 |
| Liabilities associated with assets held for sale | 37 | 0 | 30 | 0 |
| Current liabilities | | 16,488 | 10,962 | 12,131 |
| Current provisions and liabilities | | 18,622 | 12,625 | 13,876 |
| Total EQUITY AND LIABILITIES | | 38,171 | 33,857 | 35,478 |

¹  Note 4.

C.04 CASH FLOW STATEMENT

1 January to 31 December

| €m | Note | 2012 adjusted ¹ | 2013 |
|--|-------------|-------------------------------|---------------|
| Consolidated net profit for the period attributable to Deutsche Post AG shareholders | | 1,640 | 2,091 |
| Consolidated net profit for the period attributable to non-controlling interests | | 122 | 120 |
| Income taxes | | 447 | 361 |
| Net other finance costs | | 458 | 291 |
| Net income from associates | | -2 | -2 |
| Profit from operating activities (EBIT) | | 2,665 | 2,861 |
| Depreciation, amortisation and impairment losses | | 1,339 | 1,341 |
| Net income from disposal of non-current assets | | -74 | -22 |
| Non-cash income and expense | | -97 | 16 |
| Change in provisions | | -3,034 | -505 |
| Change in other non-current assets and liabilities | | -53 | -52 |
| Income taxes paid | | -527 | -561 |
| Net cash from operating activities before changes in working capital | | 219 | 3,078 |
| Changes in working capital | | | |
| Inventories | | -51 | -104 |
| Receivables and other current assets | | -221 | -670 |
| Liabilities and other items | | -150 | 690 |
| Net cash used in/from operating activities | 49.1 | -203 | 2,994 |
| Subsidiaries and other business units | | 39 | 32 |
| Property, plant and equipment and intangible assets | | 225 | 177 |
| Other non-current financial assets | | 35 | 32 |
| Proceeds from disposal of non-current assets | | 299 | 241 |
| Subsidiaries and other business units | | -57 | -37 |
| Property, plant and equipment and intangible assets | | -1,639 | -1,389 |
| Other non-current financial assets | | -336 | -68 |
| Cash paid to acquire non-current assets | | -2,032 | -1,494 |
| Interest received | | 46 | 42 |
| Dividend received | | 0 | 14 |
| Current financial assets | | -10 | -575 |
| Net cash used in investing activities | 49.2 | -1,697 | -1,772 |
| Proceeds from issuance of non-current financial liabilities | | 3,176 | 1,010 |
| Repayments of non-current financial liabilities | | -773 | -34 |
| Change in current financial liabilities | | -50 | 35 |
| Other financing activities | | 31 | 39 |
| Proceeds from transactions with non-controlling interests and venturers | | 49 | 1 |
| Cash paid for transactions with non-controlling interests | | -62 | -21 |
| Dividend paid to Deutsche Post AG shareholders | | -846 | -846 |
| Dividend paid to non-controlling interest holders | | -78 | -109 |
| Purchase of treasury shares | | -26 | -23 |
| Proceeds from issuing shares or other equity instruments | | 74 | 4 |
| Interest paid | | -296 | -166 |
| Net cash from/used in financing activities | 49.3 | 1,199 | -110 |
| Net change in cash and cash equivalents | | -701 | 1,112 |
| Effect of changes in exchange rates on cash and cash equivalents | | -15 | -102 |
| Changes in cash and cash equivalents associated with assets held for sale | | -7 | 7 |
| Changes in cash and cash equivalents due to changes in consolidated group | | 0 | 0 |
| Cash and cash equivalents at beginning of reporting period | | 3,123 | 2,400 |
| Cash and cash equivalents at end of reporting period | 49.4 | 2,400 | 3,417 |

¹ Note 4.

C.05 STATEMENT OF CHANGES IN EQUITY

1 January to 31 December

| €m | Other reserves | | | | | | Retained earnings | Equity attributable to Deutsche Post AG shareholders | Non-controlling interests | Total equity |
|---|----------------|------------------|----------------------------|----------------------------|------------------------|------------------------------|-------------------|--|---------------------------|---------------|
| | Issued capital | Capital reserves | IFRS 3 revaluation reserve | IAS 39 revaluation reserve | IAS 39 hedging reserve | Currency translation reserve | | | | |
| Note | 38 | 39 | 40 | 40 | 40 | 40 | 41 | 42 | 43 | |
| Balance at 1 January 2012 | 1,209 | 2,170 | 5 | 90 | -34 | -517 | 8,086 | 11,009 | 190 | 11,199 |
| Adjustment ¹ | 0 | 0 | 0 | 0 | 0 | 0 | -1,720 | -1,720 | -1 | -1,721 |
| Balance at 1 January 2012, adjusted | 1,209 | 2,170 | 5 | 90 | -34 | -517 | 6,366 | 9,289 | 189 | 9,478 |
| Capital transactions with owner | | | | | | | | | | |
| Dividend | 0 | 0 | 0 | 0 | 0 | 0 | -846 | -846 | -79 | -925 |
| Transactions with non-controlling interests | 0 | 0 | 0 | 0 | 0 | -2 | 61 | 59 | -25 | 34 |
| Changes in non-controlling interests due to changes in consolidated group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| Issue of shares or other equity instruments | 0 | 74 | 0 | 0 | 0 | 0 | 0 | 74 | 0 | 74 |
| Purchase of treasury shares | -2 | 0 | 0 | 0 | 0 | 0 | -24 | -26 | 0 | -26 |
| Share Matching Scheme (issuance) | 0 | 34 | 0 | 0 | 0 | 0 | 0 | 34 | 0 | 34 |
| Share Matching Scheme (exercise) | 2 | -24 | 0 | 0 | 0 | 0 | 22 | 0 | 0 | 0 |
| | | | | | | | | -705 | -100 | -805 |
| Total comprehensive income | | | | | | | | | | |
| Consolidated net profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 1,640 | 1,640 | 122 | 1,762 |
| Currency translation differences | 0 | 0 | 0 | 0 | 0 | 49 | 0 | 49 | -2 | 47 |
| Change due to remeasurements of net pension provisions | 0 | 0 | 0 | 0 | 0 | 0 | -1,190 | -1,190 | 0 | -1,190 |
| Other changes | 0 | 0 | -2 | -91 | 27 | 0 | 2 | -64 | 0 | -64 |
| | | | | | | | | 435 | 120 | 555 |
| Balance at 31 December 2012, adjusted¹ | 1,209 | 2,254 | 3 | -1 | -7 | -470 | 6,031 | 9,019 | 209 | 9,228 |
| Balance at 1 January 2013 | 1,209 | 2,254 | 3 | -1 | -7 | -470 | 6,031 | 9,019 | 209 | 9,228 |
| Capital transactions with owner | | | | | | | | | | |
| Dividend | 0 | 0 | 0 | 0 | 0 | 0 | -846 | -846 | -111 | -957 |
| Transactions with non-controlling interests | 0 | 0 | 0 | 0 | 0 | -5 | -61 | -66 | -19 | -85 |
| Changes in non-controlling interests due to changes in consolidated group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -3 | -3 |
| Issue of shares or other equity instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 |
| Purchase of treasury shares | -1 | 0 | 0 | 0 | 0 | 0 | -22 | -23 | 0 | -23 |
| Share Matching Scheme (issuance) | 0 | 35 | 0 | 0 | 0 | 0 | 0 | 35 | 0 | 35 |
| Share Matching Scheme (exercise) | 1 | -20 | 0 | 0 | 0 | 0 | 19 | 0 | 0 | 0 |
| | | | | | | | | -900 | -128 | -1,028 |
| Total comprehensive income | | | | | | | | | | |
| Consolidated net profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 2,091 | 2,091 | 120 | 2,211 |
| Currency translation differences | 0 | 0 | 0 | 0 | 0 | -451 | 0 | -451 | -11 | -462 |
| Change due to remeasurements of net pension provisions | 0 | 0 | 0 | 0 | 0 | 0 | -15 | -15 | 1 | -14 |
| Other changes | 0 | 0 | -1 | 69 | 44 | 0 | 1 | 113 | 0 | 113 |
| | | | | | | | | 1,738 | 110 | 1,848 |
| Balance at 31 December 2013 | 1,209 | 2,269 | 2 | 68 | 37 | -926 | 7,198 | 9,857 | 191 | 10,048 |

¹ Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DEUTSCHE POST AG

BASIS OF PREPARATION

Deutsche Post DHL is a global mail and logistics group. The Deutsche Post and DHL corporate brands represent a portfolio of logistics (DHL) and communication (Deutsche Post) services. The financial year of Deutsche Post AG and its consolidated subsidiaries is the calendar year. Deutsche Post AG, whose registered office is in Bonn, Germany, is entered in the commercial register of the Bonn Local Court.

1 Basis of accounting

As a listed company, Deutsche Post AG prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the provisions of commercial law to be additionally applied in accordance with section 315a (1) of the *Handelsgesetzbuch* (HGB – German Commercial Code).

The requirements of the Standards applied have been satisfied in full, and the consolidated financial statements therefore provide a true and fair view of the Group's net assets, financial position and results of operations.

The consolidated financial statements consist of the income statement and the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the Notes. In order to improve the clarity of presentation, various items in the balance sheet and in the income statement have been combined. These items are disclosed and explained separately in the Notes. The income statement has been classified in accordance with the nature of expense method.

The accounting policies, as well as the explanations and disclosures in the Notes to the IFRS consolidated financial statements for financial year 2013, are generally based on the same accounting policies used in the 2012 consolidated financial statements. Exceptions to this are the changes in international financial reporting under the IFRS described in [Note 5](#) that have been required to be applied by the Group since 1 January 2013. The accounting policies are explained in [Note 7](#).

These consolidated financial statements were authorised for issue by a resolution of the Board of Management of Deutsche Post AG dated 20 February 2014.

The consolidated financial statements are prepared in euros (€). Unless otherwise stated, all amounts are given in millions of euros (€ million, €m).

2 Consolidated group

In addition to Deutsche Post AG, the consolidated financial statements for the period ended 31 December 2013 include all German and foreign companies in which Deutsche Post AG directly or indirectly holds a majority of voting rights, or whose activities it can control in some other way. The companies are consolidated from the date on which the Group is able to exercise control.

The companies listed in the table below are consolidated in addition to the parent company Deutsche Post AG.

Consolidated group

| | 2012 | 2013 |
|---|------|------|
| Number of fully consolidated companies (subsidiaries) | | |
| German | 85 | 88 |
| Foreign | 730 | 707 |
| Number of proportionately consolidated joint ventures | | |
| German | 1 | 1 |
| Foreign | 3 | 3 |
| Number of companies accounted for using the equity method (associates) | | |
| German | 0 | 0 |
| Foreign | 8 | 8 |

The complete list of the Group's shareholdings in accordance with section 313 (2) nos. 1 to 4 and section 313 (3) of the HGB can be accessed on the website, www.dpdhl.com/en/investors.html.

Acquisitions in 2013

In the period up to 31 December 2013, Deutsche Post DHL acquired companies that did not materially affect the Group's net assets, financial position and results of operations, either individually or in the aggregate.

Acquisitions, 2013

| Name | Country | Segment | Interest (%) | Date of acquisition |
|------------------------------------|---------|---------|--------------|---------------------|
| Compador Technologies GmbH, Berlin | Germany | MAIL | 49 | 15 January 2013 |
| optivo GmbH, Berlin | Germany | MAIL | 100 | 28 June 2013 |
| RISER ID Services GmbH, Berlin | Germany | MAIL | 100 | 31 July 2013 |

In January 2013, Deutsche Post DHL acquired 49% of the shares of Compador Technologies GmbH, Berlin, which specialises in the development and manufacture of sorting machines and software solutions covering the entire range of mail items processed by mail service providers and companies. The company is consolidated because of existing potential voting rights.

In addition, optivo GmbH, Berlin, was acquired in June 2013. optivo provides technical e-mail marketing services in German-speaking countries. The software and services offered by the company make it possible to reach out to existing customers by automatically sending campaign e-mails.

At the end of July 2013, all of the shares of RISER ID Services GmbH, Berlin, were acquired via a subsidiary in which Deutsche Post DHL holds a 51% interest. The company is a service provider offering electronic address information from public resident registers.

In financial year 2012, Deutsche Post DHL increased its previous 33% stake in All you need GmbH, Berlin, a mobile commerce supermarket, to 82%. The step acquisition of the company was carried out with a view to resale, since Deutsche Post DHL intended to focus on taking over and enhancing the logistics infrastructure. The company was therefore classified under assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5. In the third quarter of 2013, the Board of Management announced that it no longer intended to resell the company. Initial consolidation resulted in goodwill of €5 million. The company was accounted for in the third quarter of 2013. The income statement presentation was not adjusted retrospectively due to the immateriality of the amounts involved. Deutsche Post DHL's stake was further increased to 99.03% (as at 31 December 2013) through disproportionate capital increases during financial years 2012 and 2013. The additional shares acquired through the disproportionate capital increases of €13 million led to a €1 million decline in retained earnings.

Insignificant acquisitions, 2013

| € m | Carrying amount | Adjustment | Fair value |
|------------------------------------|-----------------|------------|------------|
| 1 January to 31 December | | | |
| ASSETS | | | |
| Non-current assets | 2 | – | 2 |
| Current assets | 8 | – | 8 |
| Cash and cash equivalents | 2 | – | 2 |
| | 12 | – | 12 |
| EQUITY AND LIABILITIES | | | |
| Current liabilities and provisions | 7 | – | 7 |
| | 7 | – | 7 |
| Net assets | | | 5 |

The calculation of goodwill is presented in the following table:

Goodwill, 2013

| € m | Fair value |
|---|------------|
| Contractual consideration | 37 |
| Fair value of existing equity interest | 2 |
| Cost | 39 |
| Less net assets | 5 |
| Less cost attributable to non-controlling interests | 5 |
| Difference | 29 |
| Plus non-controlling interests ¹ | 2 |
| Goodwill | 31 |

¹ Non-controlling interests are recognised at their carrying amount.

Since their consolidation, the companies have contributed €8 million to consolidated revenue and €–2 million to consolidated EBIT. If the companies had already been acquired as at 1 January 2013, they would have contributed an additional €9 million to consolidated revenue and €1 million to consolidated EBIT.

Transaction costs amounted to less than €1 million and are reported in other operating expenses.

€34 million has so far been paid for the companies acquired in financial year 2013 and €5 million was paid for companies acquired in previous years. The purchase price for the companies acquired was paid by transferring cash funds.

Contingent consideration

Variable purchase prices, which are presented in the following table, were agreed for the acquisitions in financial year 2013 and previous financial years:

Contingent consideration

| Basis | Period for financial years from/to | Results range from | Fair value of total obligation | Remaining payment obligation at 31 Dec. 2012 | Remaining payment obligation at 31 Dec. 2013 |
|---------------------------------------|---------------------------------------|--------------------|-----------------------------------|--|--|
| Revenue and gross income ¹ | 2011 to 2013 | €0 to €2 million | €1 million | €1 million | €0 million |
| EBITDA | 2011 to 2012 | unlimited | €1 million | €1 million | €0 million |
| Revenue and EBITDA ² | 2011 to 2013 | €0 to €3 million | €1 million | €2 million | €1 million |
| Revenue and sales margin | 2012 to 2014 | €0 to €9 million | €3 million | €4 million | €1 million |

¹ Both the range and the fair value changed due to amended agreements and earnings forecasts.

² Change in the fair value of the total and remaining payment obligation due to differences between actual and estimated amounts.

Acquisitions in 2012

| Name | Country | Segment | Interest (%) | Date of acquisition |
|--|--------------|----------------------------------|-------------------------------------|-----------------------------------|
| Tag Belgium SA, Brussels (formerly Dentsu Brussels SA) | Belgium | SUPPLY CHAIN | 100 | 1 February 2012 |
| intelliAd Media GmbH, Munich | Germany | MAIL | 100 | 9 July 2012 |
| 2 Sisters Food Group (2SFG), Heathrow | UK | SUPPLY CHAIN | Asset deal | 27 July 2012 |
| All you need GmbH, Berlin | Germany | MAIL | 82 | 24 October 2012 ^{1,2} |
| Exel Saudia LLC, Al Khobar | Saudi Arabia | SUPPLY CHAIN | Terms of the contract amended | 16 October 2012 ² |
| Luftfrachtsicher- heit-Service GmbH, Frankfurt am Main | Germany | GLOBAL FORWARDING, FREIGHT | 50 | 27 August 2012 |

¹ Acquired in 2012 with a view to resale (IFRS 5) [Note 37](#).
For the current presentation in 2013 [Note 2](#), acquisitions in 2013.

² Step acquisition.

INSIGNIFICANT ACQUISITIONS IN 2012

In the period up to 31 December 2012, Deutsche Post DHL acquired companies that did not materially affect the Group's net assets, financial position and results of operations, either individually or in the aggregate.

Tag Belgium SA is active in the communications sector and specialises in the design, production and localisation of print media. intelliAd Media GmbH is a bid-management technology supplier active in the area of search engine advertising.

2SFG is active in the field of airline catering.

Deutsche Post DHL increased its previous 33% stake in All you need GmbH, a mobile commerce supermarket, to 82%. The stake was further increased to 90.25% through a disproportionate capital increase. The shares were acquired with a view to resale, since Deutsche Post DHL would like to focus on taking over and enhancing the logistics infrastructure. See disclosures under Acquisitions in 2013 for details of further developments and the presentation in financial year 2013.

Exel Saudia LLC, a joint venture that was previously proportionately consolidated and in which Deutsche Post DHL continues to hold 50% of the shares, was fully consolidated because the terms of the contract were amended. The change in consolidation method resulted in goodwill of €6 million from the disposal of the previous interest. The transaction resulted in a gain of €11 million, which is reported in other operating income.

Deutsche Post DHL acquired 50% of the shares of Luftfrachtsicherheit-Service GmbH. The company is fully consolidated due to the terms of the contract.

Insignificant acquisitions, 2012

| €m | Carrying amount | Adjustment | Fair value |
|---|--------------------|------------|------------|
| 1 January to 31 December | | | |
| ASSETS | | | |
| Non-current assets | 6 | – | 6 |
| Current assets | 22 | – | 22 |
| Cash and cash equivalents | 5 | – | 5 |
| Assets held for sale | 6 | – | 6 |
| | 39 | – | 39 |
| EQUITY AND LIABILITIES | | | |
| Non-current liabilities and provisions | 3 | – | 3 |
| Current liabilities and provisions | 11 | – | 11 |
| Liabilities associated with assets held for sale | 1 | – | 1 |
| | 15 | – | 15 |
| Net assets | | | 24 |
| of which in accordance with IFRS 5 | | | 5 |

The calculation of goodwill is presented in the following table:

| Goodwill, 2012 | |
|---|------------|
| €m | Fair value |
| Contractual consideration | 30 |
| Fair value of the existing equity interest ¹ | 25 |
| Total cost | 55 |
| Less net assets | 24 |
| Difference | 31 |
| Less goodwill in accordance with IFRS 5 | 0 |
| Plus negative goodwill | 2 |
| Plus non-controlling interests ² | 6 |
| Less goodwill arising from the change in consolidation method | 6 |
| Goodwill | 33 |

¹ Gain from the change in the method of consolidation is recognised under other operating income.

² Non-controlling interests are recognised at their carrying amount.

Purchase price allocation for Tag Belgium SA and Luftfracht-sicherheit-Service GmbH resulted in negative goodwill of €2 million, which is reported in other operating income. The negative goodwill is attributable to the coverage of potential business risks.

The companies have contributed €16 million to consolidated revenue and €0 million to consolidated EBIT since the date of initial consolidation (amounts for 2012). If these companies had been purchased at 1 January 2012, they would have added €25 million to consolidated revenue and €2 million to consolidated EBIT.

The transaction costs for the insignificant acquisitions amounted to less than €1 million and are reported in other operating expenses.

€24 million was paid for the companies acquired in financial year 2012. €38 million was paid for companies acquired in previous years. The purchase price for the companies acquired was paid by transferring cash funds.

Disposal and deconsolidation effects in 2013

Gains are shown under other operating income; losses are reported under other operating expenses.

Disposal and deconsolidation effects, 2013

| €m | Cargus International | DHL Fashion (France) | ITG GROUP | Exel Direct | DHL Express UK | Total |
|--|----------------------|----------------------|-----------|-------------|----------------|------------|
| 1 January to 31 December | | | | | | |
| Non-current assets | 6 | 0 | 14 | 6 | 1 | 27 |
| Current assets | 3 | 12 | 30 | 14 | 0 | 59 |
| Cash and cash equivalents | 2 | 23 | 4 | 1 | 0 | 30 |
| ASSETS | 11 | 35 | 48 | 21 | 1 | 116 |
| Current provisions and liabilities | 4 | 12 | 38 | 10 | 0 | 64 |
| EQUITY AND LIABILITIES | 4 | 12 | 38 | 10 | 0 | 64 |
| Net assets | 7 | 23 | 10 | 11 | 1 | 52 |
| Total consideration received | 19 | 0 | 18 | 24 | 1 | 62 |
| Losses from the currency translation reserve | 0 | 0 | 0 | -2 | 0 | -2 |
| Deconsolidation gain (+)/loss (-) | 12 | -23 | 8 | 11 | 0 | 8 |

SUPPLY CHAIN SEGMENT

Deutsche Post DHL completed the sale of the fashion logistics business of DHL Fashion (France) SAS, France, in April 2013. The assets and liabilities of the business concerned were reclassified as held for sale in financial year 2012 in accordance with IFRS 5. The most recent measurement of the assets prior to their reclassification resulted in an impairment loss of €1 million in 2012, which was reported in depreciation, amortisation and impairment losses.

In addition, ITG GmbH Internationale Spedition und Logistik, Germany, was sold together with its subsidiaries in June 2013. The companies' assets and liabilities were reclassified as held for sale in the first quarter of 2013 in accordance with IFRS 5. The most recent measurement of the assets prior to their reclassification did not indicate any impairment.

The sale of US company Exel Direct Inc. including its Canadian branch was completed in May 2013. The company's assets and liabilities had been reclassified as held for sale in the first quarter of 2013 in accordance with IFRS 5. The most recent measurement of the assets prior to their reclassification did not indicate any impairment.

US warehousing specialist Llano Logistics Inc. was sold and deconsolidated in May 2013. Since all of the amounts involved were lower than €1 million, they are not shown in the table below.

EXPRESS SEGMENT

The sale of the Romanian domestic express business of Cargus International S.R.L. was completed in the first quarter of 2013. As at 31 December 2012, the assets and liabilities of the business concerned were reclassified as held for sale in accordance with IFRS 5. The most recent measurement of the assets prior to their reclassification did not indicate any impairment.

The sale of the Domestic Same Day business of DHL Express UK Limited, UK, closed at the end of October 2013. The relevant assets and liabilities had previously been reclassified as held for sale in accordance with IFRS 5. The most recent measurement of the assets and liabilities prior to their reclassification did not indicate any impairment.

Disposal and deconsolidation effects in 2012

EXPRESS SEGMENT

The sales of the Express Couriers Limited (ECL), New Zealand, and Parcel Direct Group Pty Limited (PDG), Australia, joint ventures closed at the end of June 2012. The buyer was the former joint venture partner, New Zealand Post.

GLOBAL FORWARDING, FREIGHT SEGMENT

DHL Global Forwarding & Co. LLC (DHL Oman), Oman, was deconsolidated in the first quarter of 2012, as the reasons for consolidation no longer existed. The company has been accounted for using the equity method since February 2012.

Disposal and deconsolidation effects, 2012

| €m | DHL Oman | ECL, PDG | Total |
|---|----------------|-----------|-----------|
| 1 January to 31 December | | | |
| Non-current assets | 0 | 38 | 38 |
| Current assets | 8 | 19 | 27 |
| Assets held for sale ¹ | 0 | 0 | 0 |
| Cash and cash equivalents | 1 | 9 | 10 |
| ASSETS | 9 | 66 | 75 |
| Non-current liabilities and provisions | 0 | 24 | 24 |
| Current liabilities and provisions | 6 | 41 | 47 |
| Liabilities associated with assets held for sale ¹ | 0 | 0 | 0 |
| EQUITY AND LIABILITIES | 6 | 65 | 71 |
| Net assets | 3 | 1 | 4 |
| Total consideration received | 1 ² | 49 | 50 |
| Losses (-) from the currency translation reserve | 0 | -4 | -4 |
| Non-controlling interests | 2 | 0 | 2 |
| Deconsolidation gain (+) | 0 | 44 | 44 |

¹ Data before deconsolidation.

² Fair value of existing investment.

Gains are shown under other operating income; losses are reported under other operating expenses.

Joint ventures

The following table provides information about the balance sheet and income statement items attributable to joint ventures:

At 31 December

| €m | 2012 ¹ | 2013 ¹ |
|---|-------------------|-------------------|
| BALANCE SHEET | | |
| Intangible assets | 0 | 0 |
| Property, plant and equipment | 14 | 13 |
| Receivables and other assets | 68 | 77 |
| Cash and cash equivalents | 9 | 8 |
| Trade payables, other liabilities | 40 | 38 |
| Provisions | 32 | 44 |
| Financial liabilities | 2 | 2 |
| INCOME STATEMENT | | |
| Revenue ² | 120 | 118 |
| Profit from operating activities (EBIT) | 9 | 8 |

¹ Proportionate single-entity financial statement data.

² Revenue excluding intra-group revenue.

The consolidated joint ventures are AeroLogic GmbH, Germany, EV Logistics, Canada, Bahwan Exel LLC, Oman, and Danzas DV LCC, Russia.

Additional information on the size of the shareholdings can be found in the list of shareholdings, which can be accessed on the website, www.dpdhl.com/en/investors.html.

3 Significant transactions

Issuance of bonds

Deutsche Post DHL took advantage of favourable market conditions to place two conventional bonds amounting to €1 billion with national and international investors. The issue date was 9 October 2013. The capital raised will be used to repay a ten-year bond maturing in January 2014. The first issue in the amount of €500 million has a maturity of five years and an annual coupon of 1.5%. The second €500 million issue has a maturity of ten years and an annual coupon of 2.75%; [Note 46](#).

At the end of September 2013, the five-year credit facility with a total volume of €2 billion taken out with a consortium of national and international banks in 2010 was renewed early until 2018 at more favourable terms. In addition, two one-year extension options were also agreed.

Income from changes to retirement plans

The defined benefit retirement plans in the UK were changed to defined contribution plans in the fourth quarter of 2013. This generated income of €55 million, which is recognised in staff costs. Further details can be found in [Note 44](#).

4 Adjustment of prior-period amounts

The following adjustments were made for financial year 2012:

ADJUSTMENT 1

To improve transparency, the receivables and other current assets item in the balance sheet was divided into the trade receivables and the other current assets balance sheet items. The presentation on the assets side thus reflects that on the liabilities side. The capital reserves contained in the other reserves item are now presented separately in the balance sheet. Total assets were not affected. The prior-year amounts were adjusted accordingly.

ADJUSTMENT 2

Reflecting the amendment of IAS 19, provisions for pensions and similar obligations increased by €2,774 million as at 31 December 2012 (as at 1 January 2012: by €1,610 million) and provisions for obligations arising from partial retirement arrangements declined by €29 million (as at 1 January 2012: by €57 million). Retained earnings were reduced by €2,925 million (as at 1 January 2012: by €1,720 million) at the same time. The currency translation reserve included in other reserves fell by €7 million. Due to the adjustment of pension assets, other non-current assets decreased by €335 million (as at 1 January 2012: by €290 million). Deferred tax assets increased by €71 million (as at 1 January 2012: by €53 million), and deferred tax liabilities declined by €73 million (as at 1 January 2012: by €69 million). The low positive effect on taxes overall (€144 million, as at 1 January 2012: €122 million) is largely due to the fact that not all deferred tax assets may be recognised in Germany; [Note 30](#).

Staff costs for financial year 2012 remained unchanged, as the effects relating to net pension provisions and provisions for partial retirement arrangements offset each other. However, net other finance costs narrowed by €29 million.

Balance sheet adjustments at 1 January 2012 and 31 December 2012

| €m | Adjustment no. | 1 Jan. 2012 | Adjustment | 1 Jan. 2012 adjusted | 31 Dec. 2012 | Adjustment | 31 Dec. 2012 adjusted |
|--|----------------|-------------|------------|----------------------|--------------|------------|-----------------------|
| ASSETS | | | | | | | |
| Other non-current assets | 2 | 570 | -290 | 280 | 633 | -335 | 298 |
| Deferred tax assets | 2 | 1,153 | 53 | 1,206 | 1,257 | 71 | 1,328 |
| Receivables and other current assets | 1 | 9,089 | -9,089 | 0 | 9,112 | -9,112 | 0 |
| Trade receivables | 1 | - | 6,934 | 6,934 | - | 6,959 | 6,959 |
| Other current assets | 1 | - | 2,155 | 2,155 | - | 2,153 | 2,153 |
| EQUITY AND LIABILITIES | | | | | | | |
| Capital reserves | 1 | - | 2,170 | 2,170 | - | 2,254 | 2,254 |
| Other reserves | 1, 2 | 1,714 | -2,170 | -456 | 1,786 | -2,261 | -475 |
| Retained earnings | 2 | 8,086 | -1,720 | 6,366 | 8,956 | -2,925 | 6,031 |
| Equity attributable to Deutsche Post AG shareholders | 2 | 11,009 | -1,720 | 9,289 | 11,951 | -2,932 | 9,019 |
| Non-controlling interests | 2 | 190 | -1 | 189 | 213 | -4 | 209 |
| Provisions for pensions and similar obligations | 2 | 4,445 | 1,610 | 6,055 | 2,442 | 2,774 | 5,216 |
| Deferred tax liabilities | 2 | 255 | -69 | 186 | 229 | -73 | 156 |
| Other non-current provisions | 2 | 2,174 | -57 | 2,117 | 1,972 | -29 | 1,943 |

Income statement for the period 1 January 2012 to 31 December 2012

| €m | 2012 | Adjustment | 2012 adjusted |
|---|-------|------------|---------------|
| Net other finance costs | -429 | -29 | -458 |
| Profit before income taxes | 2,238 | -29 | 2,209 |
| Income taxes | -458 | 11 | -447 |
| Consolidated net profit for the period | 1,780 | -18 | 1,762 |
| attributable to Deutsche Post AG shareholders | 1,658 | -18 | 1,640 |
| Basic earnings per share (€) | 1.37 | -0.01 | 1.36 |
| Diluted earnings per share (€) | 1.32 | -0.02 | 1.30 |

Statement of comprehensive income for the period 1 January 2012 to 31 December 2012

| €m | 2012 | Adjustment | 2012 adjusted |
|---|-------|------------|------------------|
| Consolidated net profit for the period | 1,780 | -18 | 1,762 |
| Items that will not be reclassified to profit or loss | | | |
| Change due to remeasurements of net pension provisions | 0 | -1,198 | -1,198 |
| Income taxes relating to components of other comprehensive income | 0 | 8 | 8 |
| Items that may be subsequently reclassified to profit or loss | | | |
| Currency translation reserve (changes from unrealised gains and losses) | 7 | -7 | 0 |
| Other comprehensive income (after tax) | -10 | -1,197 | -1,207 |
| Total comprehensive income | 1,770 | -1,215 | 555 |
| attributable to Deutsche Post AG shareholders | 1,650 | -1,215 | 435 |
| attributable to non-controlling interests | 120 | 0 | 120 |

5 New developments in international accounting under IFRSs

The following Standards, changes to Standards and Interpretations are required to be applied on or after 1 January 2013:

| | Effective for financial years beginning on or after | Subject matter and significance |
|---|--|--|
| Amendments to IAS 1 (Presentation of Financial Statements: Presentation of Items of Other Comprehen- sive Income) | 1 January 2013 | Entities must classify items presented in other comprehensive income by whether they will not or may be subsequently reclassified to profit or loss (recycled). The presentation has been adjusted; ■ statement of comprehensive income. There were no other effects. |
| Amendments to IAS 19 (Employee Benefits) | 1 January 2013 | These amendments significantly affect the recognition and measurement of the cost of defined benefit retirement plans and termination benefits. The corresponding effects on the balance sheet as well as certain changes to the disclosure requirements must also be reflected. With regard to defined benefit plans, the immediate recognition of actuarial gains and losses in other comprehensive income (retained earnings), and the use of a uniform discount rate for provisions for pensions and similar obligations, are of particular significance. The more detailed requirements on the recognition of administration costs are also relevant. Furthermore, the classification of partial retirement obligations has changed. For more details on the adjustments, ■ Note 4. Pro forma disclosures: If the amendments had not been applied in financial year 2013, EBIT would have decreased by around €115 million and net other finance costs would have improved by €50 million. Provisions for pensions and similar obligations would have seen a decrease of around €2,740 million, concurrent with the immediate rise in retained earnings of around €3,150 million, whilst pension assets and the provisions for obligations from partial retirement arrangements would have risen by around €320 million and around €10 million, respectively. Applying the tax rate for the current financial year, income taxes would have declined by around €9 million. Basic earnings per share would have been around €1.68 and diluted earnings per share around €1.62. |
| Amendments to IAS 12 (Income Taxes: Deferred Tax – Recovery of Under- lying Assets) | 1 January 2013 | The amendment introduces a mandatory rebuttable presumption in respect of the treatment of temporary taxable differences for investment property for which the fair value model is applied in accordance with IAS 40. The change had no effect on the consolidated financial statements. |
| Amendments to IFRS 7 (Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities) | 1 January 2013 | The amendment to IAS 32 relating to the presentation of the offsetting of financial assets and liabilities and the associated additions to IFRS 7 require comprehensive disclosure of the rights of set-off, especially for those rights that do not result in offsetting under IFRSs. The change has led to additional disclosures in the Notes; ■ Note 50. |
| IFRS 13 (Fair Value Measurement) | 1 January 2013 | This sets out uniform, overarching requirements for the measurement of fair value. It requires a specific presentation of the techniques used to determine fair value. The application of the new standard results in additional disclosure requirements; ■ Notes 26, 37 and 50. |
| Annual Improvements to IFRSs 2009–2011 Cycle | 1 January 2013 | The Annual Improvements to IFRSs 2009–2011 Cycle were adopted by the EU in March 2013. The annual improvement process refers to the following standards: IFRS 1 (First-Time Adoption of International Financial Reporting Standards), IAS 1 (Presentation of Financial Statements), IAS 16 (Property, Plant and Equipment), IAS 32 (Financial Instruments: Presentation) and IAS 34 (Interim Financial Reporting). The amendments do not affect the presentation of the financial statements. |

The following are not relevant for the consolidated financial statements:

Amendments to IFRS 1 (Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters),

IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine),

Amendments to IFRS 1 (First-Time Adoption of International Financial Reporting Standards: Government Loans).

New accounting pronouncements adopted by the EU but only required to be applied in future periods

The following Standards, changes to Standards and Interpretations have already been endorsed by the EU. However, they will only be required to be applied in future periods.

| Standard (Issue date) | Effective for financial years beginning on or after | Subject matter and significance |
|--|--|--|
| Amendments to IAS 32 (Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities) (16 December 2011) | 1 January 2014 | These provide clarification on the conditions for offsetting financial assets and liabilities in the balance sheet. A right of set-off must be legally enforceable for all counterparties, both in the normal course of business and also in the event of insolvency, and it must exist at the balance sheet date. The Standard specifies which gross settlement systems can be regarded as net settlement for this purpose. The amendment will not have any significant effect on the presentation of the financial statements. In individual cases, additional disclosures may be required. |
| IFRS 10 (Consolidated Financial Statements) (12 May 2011) | 1 January 2014 ¹ | This introduces a uniform definition of control for all entities that are to be included in the consolidated financial statements. The standard also contains comprehensive requirements on determining a relationship where control exists. IFRS 10 supersedes IAS 27 (Consolidated and Separate Financial Statements) as well as SIC-12 (Consolidation – Special Purpose Entities). Special purpose entities previously consolidated in accordance with SIC-12 are now subject to IFRS 10. The reclassification resulting from the change in the consolidation method when IFRS 10 enters into force in financial year 2014 will result in changes which will, however, have no significance for the financial statements. Pro forma disclosure: If the standard had already been applied in financial year 2013, revenue would have declined by around €63 million and EBIT by €1 million. Consolidated net profit for the period would have decreased by €1 million. |
| IFRS 11 (Joint Arrangements) (12 May 2011) | 1 January 2014 ¹ | IFRS 11 supersedes IAS 31 (Interests in Joint Ventures). The option to proportionately consolidate joint ventures will be abolished. However, IFRS 11 will not require all entities that are currently subject to proportionate consolidation to be accounted for using the equity method in the future. IFRS 11 provides a uniform definition of the term “joint arrangements” and distinguishes between joint operations and joint ventures. The interest in a joint operation is recognised on the basis of direct rights and obligations, whereas the interest in the profit or loss of a joint venture must be accounted for using the equity method. The mandatory application of the equity method to joint ventures will in future follow the requirements of the revised IAS 28 (Investments in Associates and Ventures). In future, due to the aforementioned requirements, AeroLogic GmbH, Germany, and EV Logistics, Canada, may no longer be accounted for using the equity method, but will be classified as joint operations and consolidated on a proportionate basis in accordance with the contractual provisions. The entry into force of IFRS 11 in financial year 2014 will thus result in changes in the consolidated financial statements which will, however, have no significant influence. Pro forma disclosure: If the standard had already been applied in financial year 2013, revenue would have declined by around €103 million, the change in EBIT would have been less than €1 million, net finance costs would have decreased by €1 million and income taxes would have risen by €1 million. There would have been no change to consolidated net profit for the period. |
| IFRS 12 (Disclosures of Interests in Other Entities) (12 May 2011) | 1 January 2014 ¹ | This combines the disclosure requirements for all interests in subsidiaries, joint ventures, associates and unconsolidated structured entities into a single standard. An entity is required to provide quantitative and qualitative disclosures about the types of risks and financial effects associated with the entity's interests in other entities. IFRS 12 results in increased disclosure requirements. |
| Amendments to IFRS 10, IFRS 11, IFRS 12: Transitional Provisions (28 June 2012) | 1 January 2014 ¹ | The amendments relate to the transitional provisions in respect of the first-time application of the standards. They must be applied in line with the effective dates for IFRS 10, IFRS 11 and IFRS 12. |
| IAS 27 (Separate Financial Statements) (revised 2011) (12 May 2011) | 1 January 2014 ¹ | The existing standard IAS 27 (Consolidated and Separate Financial Statements) was revised in conjunction with the new standards IFRS 10, IFRS 11 and IFRS 12 and renamed IAS 27 (Separate Financial Statements) (revised 2011). The revised standard now only contains requirements applicable to separate financial statements. The amendment will not affect the financial statements. |
| IAS 28 (Investments in Associates and Joint Ventures) (revised 2011) (12 May 2011) | 1 January 2014 ¹ | The existing standard IAS 28 (Investments in Associates) was revised in conjunction with the new standards IFRS 10, IFRS 11 and IFRS 12 and renamed IAS 28 (Investments in Associates and Joint Ventures) (revised 2011). Its scope is being extended to include accounting for joint ventures using the equity method. The previous requirements of SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers) are being incorporated into IAS 28. The change will have no significant influence on the financial statements. |
| Amendments to IAS 36 (Impairment of Assets – Recoverable Amount Disclosures for Non- financial Assets) (29 May 2013) | 1 January 2014 | These amendments clarify that disclosures regarding the recoverable amount of non-financial assets determined based on fair value less costs of disposal are only required if an impairment loss has been recognised or reversed in the current reporting period. In addition, the disclosures required when the recoverable amount is determined based on fair value less costs of disposal have been amended. The amendments are retrospectively applicable for financial years starting on or after 1 January 2014; early application is permitted as IFRS 13 is already being applied. The Standard was applied early. |

The following are not relevant for the consolidated financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities) issued on 31 October 2012, effective for financial years beginning on or after 1 January 2014.

¹ These standards were adopted into European law with a different effective date than the original standards.

| Standard (Issue date) | Effective for financial years beginning on or after | Subject matter and significance |
|--|--|---|
| Amendments to IAS 39 (Novation of Derivatives and Continuation of Hedge Accounting) (27 June 2013) | 1 January 2014 | Under this amendment, subject to certain conditions, novation of a hedging instrument to a central counterparty as a consequence of laws or regulations does not give rise to termination of a hedging relationship. The amendments are retrospectively applicable for financial years starting on or after 1 January 2014; early application is permitted. The Group does not currently consider that these amendments will have a significant effect on the presentation of the financial statements. |

The following are not relevant for the consolidated financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities) issued on 31 October 2012, effective for financial years beginning on or after 1 January 2014.

¹ These standards were adopted into European law with a different effective date than the original standards.

New accounting requirements not yet adopted by the EU (endorsement procedure)

The IASB and the IFRIC issued further Standards, amendments to Standards and Interpretations in financial year 2013 and in previous years whose application is not yet mandatory for financial year 2013. The application of these IFRSs is dependent on their adoption by the EU.

| Standard (Issue date) | Effective for financial years beginning on or after | Subject matter and significance |
|---|--|---|
| IFRS 9 (Financial Instruments) (12 November 2009), amendments to IFRS 9 and IFRS 7 (Mandatory Effective Date and Transition Disclosures) (16 December 2011), amendments to IFRS 9, IFRS 7 and IAS 39 (Hedge Accounting) (19 November 2013) and effective date (20 February 2014) | 1 January 2018 | IFRS 9 was published in 2009 as part of the project to replace IAS 39 (Financial Instruments: Recognition and Measurement). The new Standard changes the previous requirements applicable for the classification and measurement of financial assets. In 2010, the Standard was extended to include the classification and measurement of financial liabilities. The amendments to IFRS 9 and IFRS 7 published in December 2011 deferred the mandatory effective date to 1 January 2015. The transition requirements were also specified in further detail. The disclosure requirements under IFRS 9 were added as an amendment to IFRS 7. The additional disclosure requirements should make it possible to assess the effect of initial application of IFRS 9 on the recognition and measurement of financial instruments. In November 2013, the IASB issued a new version of the standard on hedge accounting as part of the third phase of the project to replace IAS 39 by IFRS 9. The mandatory effective date of IFRS 9 was set at 1 January 2018 in February 2014. The date on which the Standard will be adopted by the EU has not yet been announced. The Group is assessing the effects of initial application of the Standard if it were to be adopted by the EU in its current form. |
| IFRIC 21 (Levies) (20 May 2013) | 1 January 2014 | This Interpretation provides guidance on when to recognise a liability for a levy imposed by a government. It covers the recognition of levies imposed in accordance with laws or regulations. It does not include taxes, fines and other outflows that fall within the scope of other standards. The Group is currently reviewing the effects of this Interpretation on the consolidated financial statements. |
| Amendments to IAS 19 (Employee Benefits – Defined Benefit Plans: Employee Contributions) (21 November 2013) | 1 July 2014 | The amendments apply to the recognition of employee contributions to defined benefit retirement plans. Their objective is to simplify accounting for employee contributions that are independent of the number of years of service. In such cases, the service cost in the period in which the corresponding service is rendered may be reduced. The new requirements must be applied retrospectively. Application will not lead to any significant effects. |
| Annual Improvements to IFRSs 2010–2012 Cycle (12 December 2013) | 1 July 2014 | The annual improvement process refers to the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38, IAS 24. Application of the new requirements is mandatory for reporting periods beginning on or after 1 July 2014. The amendments will not have a significant influence on the consolidated financial statements. |
| Annual Improvements to IFRSs 2011–2013 Cycle (12 December 2013) | 1 July 2014 | The annual improvement process refers to the following standards: IFRS 1, IFRS 3, IFRS 13, IAS 40. Application of the new requirements is mandatory for reporting periods beginning on or after 1 July 2014. The amendments will not have a significant influence on the consolidated financial statements. |

The following are not relevant for the consolidated financial statements:

IFRS 14 (Regulatory Deferral Accounts) issued on 31 January 2014, effective for financial years beginning on or after 1 January 2016.

6 Currency translation

The financial statements of consolidated companies prepared in foreign currencies are translated into euros (€) in accordance with IAS 21 using the functional currency method. The functional currency of foreign companies is determined by the primary economic environment in which they mainly generate and use cash. Within the Group, the functional currency is predominantly the local currency. In the consolidated financial statements, assets and liabilities are therefore translated at the closing rates, whilst periodic income and expenses are generally translated at the monthly closing rates. The resulting currency translation differences are recognised in other comprehensive income. In financial year 2013, currency translation differences amounting to €-451 million (previous year, adjusted: €49 million) were recognised in other comprehensive income (see the statement of comprehensive income and statement of changes in equity).

Goodwill arising from business combinations after 1 January 2005 is treated as an asset of the acquired company and therefore carried in the functional currency of the acquired company.

The exchange rates for the currencies that are significant for the Group were as follows:

| Currency | Country | Closing rates | | Average rates | |
|----------|-------------|-----------------|-----------------|-----------------|-----------------|
| | | 2012 EUR 1 = | 2013 EUR 1 = | 2012 EUR 1 = | 2013 EUR 1 = |
| AUD | Australia | 1.2719 | 1.5408 | 1.2445 | 1.3769 |
| CNY | China | 8.2180 | 8.3411 | 8.1458 | 8.1670 |
| GBP | UK | 0.8156 | 0.8332 | 0.8116 | 0.8492 |
| JPY | Japan | 113.6625 | 144.607 | 103.4778 | 129.6521 |
| SEK | Sweden | 8.5912 | 8.8682 | 8.6853 | 8.6511 |
| CHF | Switzerland | 1.2075 | 1.2269 | 1.2043 | 1.2308 |
| USD | USA | 1.3191 | 1.3778 | 1.2928 | 1.3284 |

The carrying amounts of non-monetary assets recognised at consolidated companies operating in hyperinflationary economies are generally indexed in accordance with IAS 29 and thus reflect the current purchasing power at the balance sheet date.

In accordance with IAS 21, receivables and liabilities in the financial statements of consolidated companies that have been prepared in local currencies are translated at the closing rate as at the balance sheet date. Currency translation differences are recognised in other operating income and expenses in the income statement. In financial year 2013, income of €155 million (previous year: €178 million) and expenses of €156 million (previous year: €181 million) resulted from currency translation differences. In contrast, currency translation differences relating to net investments in a foreign operation are recognised in other comprehensive income.

7 Accounting policies

Uniform accounting policies are applied to the annual financial statements of the entities that have been included in the consolidated financial statements. The consolidated financial statements are prepared under the historical cost convention, except where items are required to be recognised at their fair value.

Revenue and expense recognition

Deutsche Post DHL's normal business operations consist of the provision of logistics services. All income relating to normal business operations is recognised as revenue in the income statement. All other income is reported as other operating income. Revenue and other operating income is generally recognised when services are rendered, the amount of revenue and income can be reliably measured and, in all probability, the economic benefits from the transactions will flow to the Group. Operating expenses are recognised in income when the service is utilised or when the expenses are incurred.

Intangible assets

Intangible assets are measured at amortised cost. Intangible assets comprise internally generated and purchased intangible assets and purchased goodwill.

Internally generated intangible assets are capitalised at cost if it is probable that their production will generate an inflow of future economic benefits and the costs can be reliably measured. In the Group, this concerns internally developed software. If the criteria for capitalisation are not met, the expenses are recognised immediately in income in the year in which they are incurred. In addition to direct costs, the production cost of internally developed software includes an appropriate share of allocable production overhead costs. Any borrowing costs incurred for qualifying assets are included in the production cost. Value added tax arising in conjunction with the acquisition or production of intangible assets is included in the cost if it cannot be deducted as input tax. Capitalised software is amortised over its useful life.

Intangible assets are amortised using the straight-line method over their useful lives. Impairment losses are recognised in accordance with the principles described in the section headed Impairment. The useful lives of significant intangible assets are presented in the table below.

Useful lives

| | Years ¹ |
|-------------------------------|--------------------|
| Internally developed software | up to 5 |
| Purchased software | up to 5 |
| Licences | term of agreement |
| Customer relationships | up to 20 |

¹ The useful lives indicated represent maximum amounts specified by the Group. The actual useful lives may be shorter due to contractual arrangements or other specific factors such as time and location.

Intangible assets that are not affected by legal, economic, contractual, or other factors that might restrict their useful lives are considered to have indefinite useful lives. They are not amortised but are tested for impairment annually or whenever there are indications of impairment. They generally include brand names from business combinations, for example. Impairment testing is carried out in accordance with the principles described in the section headed Impairment.

Property, plant and equipment

Property, plant and equipment is carried at cost, reduced by accumulated depreciation and valuation allowances. In addition to direct costs, production cost includes an appropriate share of allocable production overhead costs. Borrowing costs that can be allocated directly to the purchase, construction or manufacture of property, plant and equipment are capitalised. Value added tax arising in conjunction with the acquisition or production of items of property, plant or equipment is included in the cost if it cannot be deducted as input tax. Depreciation is charged using the straight-line method. The estimated useful lives applied to the major asset classes are presented in the table below:

Useful lives

| | Years ¹ |
|---------------------------------------|--------------------|
| Buildings | 20 to 50 |
| Technical equipment and machinery | 10 to 20 |
| Aircraft | 15 to 20 |
| IT systems | 4 to 5 |
| Transport equipment and vehicle fleet | 4 to 18 |
| Other operating and office equipment | 8 to 10 |

¹ The useful lives indicated represent amounts specified by the Group. The actual useful lives may be shorter due to contractual arrangements or other specific factors such as time and location.

If there are indications of impairment, an impairment test must be carried out; see the section headed Impairment.

Impairment

At each balance sheet date, the carrying amounts of intangible assets, property, plant and equipment and investment property are reviewed for indications of impairment. If there are any such indications, an impairment test must be carried out. This is done by determining the recoverable amount of the relevant asset and comparing it with the carrying amount.

In accordance with IAS 36, the recoverable amount is the asset's fair value less costs to sell or its value in use, whichever is higher. The value in use is the present value of the pre-tax free cash flows expected to be derived from the asset in future. The discount rate used is a pre-tax rate of interest reflecting current market conditions. If the recoverable amount cannot be determined for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets to which the asset in question can be allocated and which generates independent cash flows (cash generating unit – CGU). If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised immediately in respect of the asset. If, after an impairment loss has been recognised, a higher recoverable amount is determined for the asset or the CGU at a later date, the impairment loss is reversed up to a carrying amount that does not exceed the recoverable amount. The increased carrying amount attributable to the reversal of the impairment loss is limited to the carrying amount that would have been determined (net of amortisation or depreciation) if no impairment loss had been recognised in the past. The reversal of the impairment loss is recognised in the income statement. Impairment losses recognised in respect of goodwill may not be reversed.

Since January 2005, goodwill has been accounted for using the impairment-only approach in accordance with IFRS 3. This stipulates that goodwill must be subsequently measured at cost, less any cumulative adjustments from impairment losses. Purchased goodwill is therefore no longer amortised and instead is tested for impairment annually in accordance with IAS 36, regardless of whether any indication of possible impairment exists, as in the case of intangible assets with an indefinite useful life. In addition, the obligation remains to conduct an impairment test if there is any indication of impairment. Goodwill resulting from company acquisitions is allocated to the identifiable groups of assets (CGUs or groups of CGUs) that are expected to benefit from the synergies of the acquisition. These groups represent the lowest reporting level at which the goodwill is monitored for internal management purposes. The carrying amount of a CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired. Where impairment losses are recognised in connection with a CGU to which goodwill has been allocated, the existing carrying amount of the goodwill is reduced first. If the amount of the impairment loss exceeds the carrying amount of the goodwill, the difference is allocated to the remaining non-current assets in the CGU.

Finance leases

A lease financing transaction is an agreement in which the lessor conveys to the lessee the right to use an asset for a specified period in return for a payment or a number of payments. In accordance with IAS 17, beneficial ownership of leased assets is attributed to the lessee if the lessee substantially bears all risks and rewards incident to ownership of the leased asset. To the extent that beneficial ownership is attributable to the Group as the lessee, the asset is capitalised at the date on which use starts, either at fair value or at the present value of the minimum lease payments if this is less than the fair value. A lease liability in the same amount is recognised under non-current liabilities. The lease is subsequently measured at amortised cost using the effective interest method. The depreciation methods and estimated useful lives correspond to those of comparable purchased assets.

Operating leases

For operating leases, the Group reports the leased asset at amortised cost as an asset under property, plant and equipment where it is the lessor. The lease payments recognised in the period are shown under other operating income. Where the Group is the lessee, the lease payments made are recognised as lease expense under materials expense. Lease expenses and income are recognised using the straight-line method.

Investments in associates

Investments in associates are accounted for using the equity method in accordance with IAS 28 (Investments in Associates). Based on the cost of acquisition at the time of purchase of the investments, the carrying amount of the investment is increased or reduced annually to reflect the share of earnings, dividends distributed and other changes in the equity of the associates attributable to the investments of Deutsche Post AG or its consolidated subsidiaries. The goodwill contained in the carrying amounts of the investments is accounted for in accordance with IFRS 3. Investments in companies accounted for using the equity method are impaired if the recoverable amount falls below the carrying amount.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include in particular cash and cash equivalents, trade receivables, originated loans and receivables, and derivative financial assets held for trading. Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity. These mainly comprise trade payables, liabilities to banks, liabilities arising from bonds and finance leases, and derivative financial liabilities.

Fair value option

Under the fair value option, financial assets or financial liabilities may be measured at fair value through profit or loss on initial recognition if this eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch). The Group makes use of the option in order to avoid accounting mismatches.

Financial assets

Financial assets are accounted for in accordance with the provisions of IAS 39, which distinguishes between four categories of financial instruments.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

These financial instruments are non-derivative financial assets and are carried at their fair value, where this can be measured reliably. If a fair value cannot be determined, they are carried at cost. Changes in fair value between reporting dates are generally recognised in other comprehensive income (revaluation reserve). The reserve is reversed to income either upon disposal or if the fair value falls below cost more than temporarily. If, at a subsequent balance sheet date, the fair value of a debt instrument has increased objectively as a result of events occurring after the impairment loss was recognised, the impairment loss is reversed in the appropriate amount. Impairment losses recognised in respect of equity instruments may not be reversed to income. If equity instruments are recognised at fair value, any reversals must be recognised in other comprehensive income. No reversals may be made in the case of equity instruments that were recognised at cost. Available-for-sale financial instruments are allocated to non-current assets unless the intention is to dispose of them within 12 months of the balance sheet date. In particular, investments in unconsolidated subsidiaries, marketable securities and other equity investments are reported in this category.

HELD-TO-MATURITY FINANCIAL ASSETS

Financial instruments are assigned to this category if there is an intention to hold the instrument to maturity and the economic conditions for doing so are met. These financial instruments are non-derivative financial assets that are measured at amortised cost using the effective interest method.

LOANS AND RECEIVABLES

These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Unless held for trading, they are recognised at cost or amortised cost at the balance sheet date. The carrying amounts of money market receivables correspond approximately to their fair values due to their short maturity. Loans and receivables are considered current assets if they mature not more than 12 months after the balance sheet date; otherwise, they are recognised as non-current assets. If the recoverability of receivables is in doubt, they are recognised at amortised cost, less appropriate specific or collective valuation allowances. A write-down on trade receivables is recognised if there are objective indications that the amount of the outstanding receivable cannot be collected in full. The write-down is recognised in the income statement via a valuation account.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All financial instruments held for trading and derivatives that do not satisfy the criteria for hedge accounting are assigned to this category. They are generally measured at fair value. All changes in fair value are recognised in income. All financial instruments in this category are accounted for at the trade date. Assets in this category are recognised as current assets if they are either held for trading or will likely be realised within 12 months of the balance sheet date.

To avoid variations in earnings resulting from changes in the fair value of derivative financial instruments, hedge accounting is applied where possible and economically useful. Gains and losses from the derivative and the related hedged item are recognised in income simultaneously. Depending on the hedged item and the risk to be hedged, the Group uses fair value hedges and cash flow hedges.

The carrying amounts of financial assets not carried at fair value through profit or loss are tested for impairment at each balance sheet date and whenever there are indications of impairment. The amount of any impairment loss is determined by comparing the carrying amount and the fair value. If there are objective indications of impairment, an impairment loss is recognised in the income statement under other operating expenses or net financial income/net finance costs. Impairment losses are reversed if there are objective reasons arising after the balance sheet date indicating that the reasons for impairment no longer exist. The increased carrying amount resulting from the reversal of the impairment loss may not exceed the carrying amount that would have been determined (net of amortisation or depreciation) if the impairment loss had not been recognised. Impairment losses are recognised within the Group if the debtor is experiencing significant financial difficulties, it is highly probable that the debtor will be the subject of bankruptcy proceedings, there are material changes in the issuer's technological, economic, legal or market environment, or the fair value of a financial instrument falls below its amortised cost for a prolonged period.

A fair value hedge hedges the fair value of recognised assets and liabilities. Changes in the fair value of both the derivatives and the hedged item are recognised in income simultaneously.

A cash flow hedge hedges the fluctuations in future cash flows from recognised assets and liabilities (in the case of interest rate risks), highly probable forecast transactions as well as unrecognised firm commitments that entail a currency risk. The effective portion of a cash flow hedge is recognised in the hedging reserve in equity. Ineffective portions resulting from changes in the fair value of the hedging instrument are recognised directly in income. The gains and losses generated by the hedging transactions are initially recognised in equity and are then reclassified to profit or loss in the period in which the asset acquired or liability assumed affects profit or loss. If a hedge of a firm commitment subsequently results in the recognition of a non-financial asset, the gains and losses recognised directly in equity are included in the initial carrying amount of the asset (basis adjustment).

Net investment hedges in foreign entities are treated in the same way as cash flow hedges. The gain or loss from the effective portion of the hedge is recognised in other comprehensive income, whilst the gain or loss attributable to the ineffective portion is recognised directly in income. The gains or losses recognised in other comprehensive income remain there until the disposal or partial disposal of the net investment. Detailed information on hedging transactions can be found in [Note 50.2](#).

Regular way purchases and sales of financial assets are recognised at the settlement date, with the exception of held-for-trading instruments, particularly derivatives. A financial asset is derecognised if the rights to receive the cash flows from the asset have expired. Upon transfer of a financial asset, a review is made under the requirements of IAS 39 governing disposal as to whether the asset should be derecognised. A disposal gain/loss arises upon disposal. The remeasurement gains/losses recognised in other comprehensive income in prior periods must be reversed as at the disposal date. Financial liabilities are derecognised if the payment obligations arising from them have expired.

Investment property

In accordance with IAS 40, investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the supply of services, for administrative purposes, or for sale in the normal course of the company's business. It is measured in accordance with the cost model. Depreciable investment property is depreciated over a period of between 20 and 50 years using the straight-line method. The fair value is determined on the basis of expert opinions. Impairment losses are recognised in accordance with the principles described under the section headed Impairment.

Inventories

Inventories are assets that are held for sale in the ordinary course of business, are in the process of production, or are consumed in the production process or in the rendering of services. They are measured at the lower of cost or net realisable value. Valuation allowances are charged for obsolete inventories and slow-moving goods.

Government grants

In accordance with IAS 20, government grants are recognised at their fair value only when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. The grants are reported in the income statement and are generally recognised as income over the periods in which the costs they are intended to compensate are incurred. Where the grants relate to the purchase or production of assets, they are reported as deferred income and recognised in the income statement over the useful lives of the assets.

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

Assets held for sale are assets available for sale in their present condition and whose sale is highly probable. The sale must be expected to qualify for recognition as a completed sale within one year of the date of classification. Assets held for sale may consist of individual non-current assets, groups of assets (disposal groups), components of an entity or a subsidiary acquired exclusively for resale (discontinued operations). Liabilities intended to be disposed of together with the assets in a single transaction form part of the disposal group or discontinued operation and are also reported separately as liabilities associated with assets held for sale. Assets held for sale are no longer depreciated or amortised, but are recognised at the lower of their fair value less costs to sell and the carrying amount. Gains and losses arising from the remeasurement of individual non-current assets or disposal groups classified as held for sale are reported in profit or loss from continuing operations until the final date of disposal. Gains and losses arising from the measurement at fair value less costs to sell of discontinued operations classified as held for sale are reported in profit or loss from discontinued operations. This also applies to the profit or loss from operations and the gain or loss on disposal of these components of an entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and other short-term liquid financial assets with an original maturity of up to three months and are carried at their principal amount. Overdraft facilities used are recognised in the balance sheet as amounts due to banks.

Non-controlling interests

Non-controlling interests are the proportionate minority interests in the equity of subsidiaries and are recognised at their carrying amount. If an interest is acquired from, or sold to, other shareholders without this impacting the existing control relationship, this is presented as an equity transaction. The difference between the proportionate net assets acquired from, or sold to, another shareholder/other shareholders and the purchase price is recognised in other comprehensive income. If non-controlling interests are increased by the proportionate net assets, no goodwill is allocated to the proportionate net assets.

Share-based payments to executives

Equity-settled share-based payment transactions are measured at fair value at the grant date. The fair value of the obligation is recognised in staff costs over the vesting period. The fair value of equity-settled share-based payment transactions is determined using internationally recognised valuation techniques.

Stock appreciation rights are measured on the basis of an option pricing model in accordance with IFRS 2. The stock appreciation rights are measured on each reporting date and on the settlement date. The amount determined for stock appreciation rights that will probably be exercised is recognised pro rata in income under staff costs to reflect the services rendered as consideration during the vesting period (lock-up period). A provision is recognised for the same amount.

Retirement plans

There are arrangements in many countries under which the Group grants post-employment benefits to its employees. These benefits include pensions, lump-sum payments on retirement and other post-employment benefits referred to in these disclosures as retirement benefits, pensions and similar benefits, or simply pensions. A distinction is made between defined benefit and defined contribution plans.

THE GROUP'S DEFINED BENEFIT RETIREMENT PLANS

Defined benefit pension obligations are measured using the projected unit credit method prescribed by IAS 19. This involves making certain actuarial assumptions. Most of the defined benefit retirement plans are at least partly funded via external plan assets. The remaining net obligations are funded by provisions for pensions and similar obligations; net assets are presented separately as pension assets. Where necessary, an asset ceiling must be applied when recognising pension assets. With regard to the cost components, the service cost is recognised in staff costs, the net interest cost in net other finance costs and any remeasurement outside profit and loss in other comprehensive income.

DEFINED CONTRIBUTION RETIREMENT PLANS FOR CIVIL SERVANT EMPLOYEES IN GERMANY

Deutsche Post AG pays contributions to defined contribution plans for civil servants in Germany in accordance with statutory provisions. These contributions are recognised in staff costs.

Under the provisions of the *Gesetz zum Personalrecht der Beschäftigten der früheren Deutschen Bundespost* (PostPersRG – Former Deutsche Bundespost Employees Act), introduced as article 4 of the *Gesetz zur Neuordnung des Postwesens und der Telekommunikation* (PTNeuOG – German Posts and Telecommunications Reorganisation Act), Deutsche Post AG provides benefit and assistance payments through a special pension fund for postal civil servants (*Postbeamtenversorgungskasse*) operated jointly, since early 2001, by the Deutsche Bundespost successor companies, the Bundes-Pensions-Service für Post und Telekommunikation e.V. (BPS-PT), to retired employees or their surviving dependants who are entitled to benefits on the basis of a civil service appointment. At the beginning of 2013, Bundesanstalt für Post und Telekommunikation (BANstPT – Federal Posts and Telecommunications Agency) assumed the rights and obligations of the BPS-PT. It has undertaken the tasks of the pension fund for postal civil servants since that time. The amount of Deutsche Post AG's payment obligations is governed by section 16 of the PostPersRG. Since 2000, this Act has obliged Deutsche Post AG to pay into the postal civil servant pension fund an annual contribution of 33% of the gross compensation of its active civil servants and the notional gross compensation of civil servants on leave of absence who are eligible for a pension.

Under section 16 of the PostPersRG, the federal government makes good the difference between the current payment obligations of the postal civil servant pension fund on the one hand, and the funding companies' current contributions or other return on assets on the other, and guarantees that the postal civil servant pension fund is able at all times to meet the obligations it has assumed in respect of its funding companies. Insofar as the federal government makes payments to the postal civil servant pension fund under the terms of this guarantee, it cannot claim reimbursement from Deutsche Post AG.

DEFINED CONTRIBUTION RETIREMENT PLANS FOR THE GROUP'S HOURLY WORKERS AND SALARIED EMPLOYEES

The contributions to defined contribution retirement plans for the Group's hourly workers and salaried employees are also recognised in staff costs.

This also includes contributions to multi-employer plans, which are basically defined benefit plans, particularly in the USA and the Netherlands. The relevant institutions do not provide the participating companies with sufficient information to allow the use of defined benefit accounting. The plans are therefore accounted for as if they were defined contribution plans.

Contributions are paid into these multi-employer plans in the USA based on collective agreements between employers and the local unions. There is no employer liability to any of the plans beyond the normal contribution rates negotiated in collective bargaining except in the event of a withdrawal that meets specified criteria. At the end of 2013, there existed no agreements with any of these multi-employer plans beyond the collective agreements that set the contribution rates. Employer contributions to pension funds are expected to amount to €23 million in 2014 (actual employer contributions in financial year 2013: €23 million). According to information made available by the pension funds, some of the plans to which Deutsche Post DHL makes contributions are underfunded. There is no available information from the plans themselves which would indicate any change from the contribution rates set in the 2013 collective agreements. At present, Deutsche Post DHL does not account for a significant share of the contributions to the pension funds except for one fund where Deutsche Post DHL is the largest contributor.

Contribution rates for one of the multi-employer retirement plans in the Netherlands are determined each year by the management body of the pension fund with the involvement of the central bank of the Netherlands, based on cost coverage. These contribution rates are the same for all employers and employees involved. There is no employer liability towards the fund beyond the contributions set, even in the case of withdrawal. Any subsequent underfunding ultimately results in the rights of members being cut and/or no indexation of their rights. Employer contributions to the pension fund are expected to amount to €21 million in 2014 (actual employer contributions in financial year 2013: €21 million). According to information made available by the pension fund, the plan is not underfunded at present. Deutsche Post DHL does not represent a significant level to the fund in terms of contributions.

Other provisions

Other provisions are recognised for all legal or constructive obligations to third parties existing at the balance sheet date that have arisen as a result of past events, that are expected to result in an outflow of future economic benefits and whose amount can be measured reliably. They represent uncertain obligations that are carried at the best estimate of the expenditure required to settle the obligation. Provisions with more than one year to maturity are discounted at market rates of interest that reflect the region and time to settlement of the obligation. The discount rates used in the financial year were between 0.25% and 11% (previous year: 0.25% and 9.25%). The effects arising from changes in interest rates are recognised in net financial income/net finance cost.

Provisions for restructurings are only established in accordance with the aforementioned criteria for recognition if a detailed, formal restructuring plan has been drawn up and communicated to those affected.

The technical reserves (insurance) consist mainly of outstanding loss reserves and IBNR (incurred but not reported claims) reserves. Outstanding loss reserves represent estimates of obligations in respect of actual claims or known incidents expected to give rise to claims, which have been reported to the company but which have yet to be finalised and presented for payment. Outstanding loss reserves are based on individual claim valuations carried out by the company or its ceding insurers. IBNR reserves represent estimates of obligations in respect of incidents taking place on or before the balance sheet date that have not been reported to the company. Such reserves also include provisions for potential errors in settling outstanding loss reserves. The company carries out its own assessment of ultimate loss liabilities using actuarial methods and also commissions an independent actuarial study of these each year in order to verify the reasonableness of its estimates.

Financial liabilities

On initial recognition, financial liabilities are carried at fair value less transaction costs. The price determined on a price-efficient and liquid market or a fair value determined using the treasury risk management system deployed within the Group is taken as the fair value. In subsequent periods the financial liabilities are measured at amortised cost. Any differences between the amount received and the amount repayable are recognised in income over the term of the loan using the effective interest method.

CONVERTIBLE BOND ON DEUTSCHE POST AG SHARES

The convertible bond on Deutsche Post AG shares is split into an equity and a debt component, in line with the contractual arrangements. The debt component, less the transaction costs, is reported under financial liabilities (bonds), with interest added up to the issue amount over the term of the bond using the effective interest method (unwinding of discount). The value of the call option, which allows Deutsche Post AG to redeem the bond early if a specified share price is reached, is attributed to the debt component in accordance with IAS 32.31. The conversion right is classified as an equity derivative and is reported in capital reserves. The carrying amount is calculated by assigning to the conversion right the residual value that results from deducting the amount calculated separately for the debt component from the fair value of the instrument as a whole. The transaction costs are deducted on a proportionate basis.

Liabilities

Trade payables and other liabilities are carried at amortised cost. The fair value of the liabilities corresponds more or less to their carrying amount.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognised for temporary differences between the carrying amounts in the IFRS financial statements and the tax accounts of the individual entities. Deferred tax assets also include tax reduction claims which arise from the expected future utilisation of existing tax loss carry-forwards and which are likely to be realised. In compliance with IAS 12.24 (b) and IAS 12.15 (b), deferred tax assets or liabilities were only recognised for temporary differences between the carrying amounts in the IFRS financial statements and in the tax accounts of Deutsche Post AG where the differences arose after 1 January 1995. No deferred tax assets or liabilities are recognised for temporary differences resulting from initial differences in the opening tax accounts of Deutsche Post AG as at 1 January 1995. Further details on deferred taxes from tax loss carryforwards can be found in

[Note 30.](#)

In accordance with IAS 12, deferred tax assets and liabilities are calculated using the tax rates applicable in the individual countries at the balance sheet date or announced for the time when the deferred tax assets and liabilities are realised. The tax rate of 29.8% (unchanged from the previous year) applied to German Group companies comprises the corporation tax rate plus the solidarity surcharge, as well as a municipal trade tax rate that is calculated as the average of the different municipal trade tax rates. Foreign Group companies use their individual income tax rates to calculate deferred tax items. The income tax rates applied for foreign companies amount to up to 38% (previous year: 41%).

Income taxes

Income tax assets and liabilities are measured at the amounts for which repayments from or payments to the tax authorities are expected to be received or made.

Contingent liabilities

Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities also include certain obligations that will probably not lead to an outflow of resources embodying economic benefits, or where the amount of the outflow of resources embodying economic benefits cannot be measured with sufficient reliability. In accordance with IAS 37, contingent liabilities are not recognised as liabilities; [Note 51](#).

8 Exercise of judgement in applying the accounting policies

The preparation of IFRS-compliant consolidated financial statements requires the exercise of judgement by management. All estimates are reassessed on an ongoing basis and are based on historical experience and expectations with regard to future events that appear reasonable under the given circumstances. For example, this applies to assets held for sale. In this case, it must be determined whether the assets are available for sale in their present condition and whether their sale is highly probable. If this is the case, the assets and the associated liabilities are reported and measured as assets held for sale and liabilities associated with assets held for sale.

Estimates and assessments made by management

The preparation of the consolidated financial statements in accordance with IFRS requires management to make certain assumptions and estimates that may affect the amounts of the assets and liabilities included in the balance sheet, the amounts of income and expenses, and the disclosures relating to contingent liabilities. Examples of the main areas where assumptions, estimates and the exercise of management judgement occur are the recognition of provisions for pensions and similar obligations, the calculation of discounted cash flows for impairment testing and purchase price allocations, taxes and legal proceedings.

Disclosures regarding the assumptions made in connection with defined benefit retirement plans can be found in [Note 44](#).

The Group has operating activities around the globe and is subject to local tax laws. Management can exercise judgement when calculating the amounts of current and deferred taxes in the relevant countries. Although management believes that it has made a reasonable estimate relating to tax matters that are inherently uncertain, there can be no guarantee that the actual outcome of these uncertain tax matters will correspond exactly to the original estimate made. Any difference between actual events and the estimate made could have an effect on tax liabilities and deferred taxes in the period in which the matter is finally decided. The amount recognised for deferred tax assets could be reduced if the estimates of planned taxable income or the tax benefits achievable as a result

of tax planning strategies are revised downwards, or in the event that changes to current tax laws restrict the extent to which future tax benefits can be realised.

Goodwill is regularly reported in the Group's balance sheet as a consequence of business combinations. When an acquisition is initially recognised in the consolidated financial statements, all identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. One of the most important estimates this requires is the determination of the fair values of these assets and liabilities at the date of acquisition. Land, buildings and office equipment are generally valued by independent experts, whilst securities for which there is an active market are recognised at the quoted exchange price. If intangible assets are identified in the course of an acquisition, their measurement can be based on the opinion of an independent external expert valuer, depending on the type of intangible asset and the complexity involved in determining its fair value. The independent expert determines the fair value using appropriate valuation techniques, normally based on expected future cash flows. In addition to the assumptions about the development of future cash flows, these valuations are also significantly affected by the discount rates used.

Impairment testing for goodwill is based on assumptions with respect to the future. The Group carries out these tests annually and also whenever there are indications that goodwill has become impaired. The recoverable amount of the CGU must then be calculated. This amount is the higher of fair value less costs to sell and value in use. Determining value in use requires adjustments and estimates to be made with respect to forecasted future cash flows and the discount rate applied. Although management believes that the assumptions made for the purpose of calculating the recoverable amount are appropriate, possible unforeseeable changes in these assumptions – e.g., a reduction in the EBIT margin, an increase in the cost of capital or a decline in the long-term growth rate – could result in an impairment loss that could negatively affect the Group's net assets, financial position and results of operations.

Pending legal proceedings in which the Group is involved are disclosed in [Note 53](#). The outcome of these proceedings could have a significant effect on the net assets, financial position and results of operations of the Group. Management regularly analyses the information currently available about these proceedings and recognises provisions for probable obligations including estimated legal costs. Internal and external legal advisers participate in making this assessment. In deciding on the necessity for a provision, management takes into account the probability of an unfavourable outcome and whether the amount of the obligation can be estimated with sufficient reliability. The fact that an action has been launched or a claim asserted against the Group, or that a legal dispute has been disclosed in the Notes, does not necessarily mean that a provision is recognised for the associated risk.

All assumptions and estimates are based on the circumstances prevailing and assessments made at the balance sheet date. For the purpose of estimating the future development of the business, a realistic assessment was also made at that date of the economic environment likely to apply in the future to the different sectors and regions in which the Group operates. In the event of developments in this general environment that diverge from the assumptions made, the actual amounts may differ from the estimated amounts. In such cases, the assumptions made and, where necessary, the carrying amounts of the relevant assets and liabilities are adjusted accordingly.

At the date of preparation of the consolidated financial statements, there is no indication that any significant change in the assumptions and estimates made will be required, so that on the basis of the information currently available it is not expected that there will be any significant adjustments in financial year 2014 to the carrying amounts of the assets and liabilities recognised in the financial statements.

9 Consolidation methods

The consolidated financial statements are based on the IFRS financial statements of Deutsche Post AG and the subsidiaries, joint ventures and associates included in the consolidated financial statements and prepared in accordance with uniform accounting policies as at 31 December 2013.

Acquisition accounting for subsidiaries included in the consolidated financial statements uses the purchase method of accounting. The cost of the acquisition corresponds to the fair value of the assets given up, the equity instruments issued and the liabilities assumed at the transaction date. Acquisition-related costs are recognised as expenses. Contingent consideration is recognised at fair value at the date of initial consolidation.

Joint ventures are proportionately consolidated in accordance with IAS 31. Assets and liabilities, as well as income and expenses, of jointly controlled companies are included in the consolidated financial statements in proportion to the interest held in these companies. Proportionate acquisition accounting as well as recognition and measurement of goodwill use the same methods as applied to the consolidation of subsidiaries.

Companies on which the parent can exercise significant influence (associates) are accounted for in accordance with the equity method using the purchase method of accounting. Any goodwill is included in the carrying amounts of the investments.

In the case of step acquisitions, the equity portion previously held is remeasured at the fair value applicable on the date of acquisition and the resulting gain or loss recognised in profit or loss.

Intra-group revenue, other operating income, and expenses as well as receivables, liabilities and provisions between companies that are consolidated fully or on a proportionate basis are eliminated. Intercompany profits or losses from intra-group deliveries and services not realised by sale to third parties are eliminated. Un-realised gains and losses from business transactions with associates are eliminated on a pro rata basis.

SEGMENT REPORTING

10 Segment reporting

Segments by division

| €m | MAIL | | GLOBAL FORWARDING, | | | | SUPPLY CHAIN | | Corporate Center/ Other | | Consolidation | | Group | |
|--|-------------------|---------|--------------------|--------|-------------------|--------|-------------------|---------|----------------------------|--------|-------------------|--------|-------------------|---------|
| | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 |
| 1 Jan. to 31 Dec. | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 |
| External revenue | 13,874 | 14,344 | 12,378 | 12,332 | 14,980 | 14,151 | 14,229 | 14,187 | 51 | 71 | 0 | 0 | 55,512 | 55,085 |
| Internal revenue | 98 | 108 | 400 | 380 | 686 | 687 | 111 | 90 | 1,152 | 1,180 | -2,447 | -2,445 | 0 | 0 |
| Total revenue | 13,972 | 14,452 | 12,778 | 12,712 | 15,666 | 14,838 | 14,340 | 14,277 | 1,203 | 1,251 | -2,447 | -2,445 | 55,512 | 55,085 |
| Profit/loss from operating activities (EBIT) | 1,048 | 1,226 | 1,110 | 1,133 | 514 | 483 | 419 | 441 | -423 | -421 | -3 | -1 | 2,665 | 2,861 |
| Net income from associates | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Segment assets | 4,433 | 4,670 | 8,684 | 8,721 | 7,951 | 7,659 | 6,264 | 5,974 | 1,322 | 1,491 | -215 | -105 | 28,439 | 28,410 |
| Investments in associates | 0 | 0 | 28 | 28 | 18 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 46 | 48 |
| Segment liabilities ² | 2,505 | 2,492 | 2,547 | 2,915 | 2,950 | 2,929 | 2,825 | 2,908 | 797 | 845 | -120 | -112 | 11,504 | 11,977 |
| Capex | 332 | 434 | 597 | 508 | 150 | 129 | 300 | 277 | 318 | 407 | 0 | 0 | 1,697 | 1,755 |
| Depreciation and amortisation | 333 | 346 | 382 | 386 | 111 | 92 | 286 | 270 | 199 | 209 | 0 | 0 | 1,311 | 1,303 |
| Impairment losses | 1 | 12 | 18 | 22 | 0 | 0 | 2 | 0 | 7 | 4 | 0 | 0 | 28 | 38 |
| Total depreciation, amortisation and impairment losses | 334 | 358 | 400 | 408 | 111 | 92 | 288 | 270 | 206 | 213 | 0 | 0 | 1,339 | 1,341 |
| Other non-cash expenses | 306 | 273 | 277 | 256 | 77 | 87 | 126 | 107 | 57 | 115 | 1 | 0 | 844 | 838 |
| Employees ³ | 146,923 | 149,692 | 84,623 | 84,986 | 43,590 | 44,174 | 140,193 | 143,761 | 12,958 | 12,907 | 0 | 0 | 428,287 | 435,520 |

Information about geographical areas

| €m | Germany | | Europe (excluding Germany) | | Americas | | Asia Pacific | | Other regions | | Group | |
|--------------------|---------|--------|----------------------------|--------|----------|-------|--------------|-------|---------------|-------|--------|--------|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| 1 Jan. to 31 Dec. | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| External revenue | 16,825 | 17,074 | 17,840 | 17,628 | 9,819 | 9,563 | 8,619 | 8,526 | 2,409 | 2,294 | 55,512 | 55,085 |
| Non-current assets | 4,759 | 5,125 | 7,228 | 7,015 | 3,408 | 3,244 | 3,227 | 3,025 | 332 | 332 | 18,954 | 18,741 |
| Capex | 979 | 1,128 | 259 | 227 | 259 | 180 | 160 | 165 | 40 | 55 | 1,697 | 1,755 |

¹ Prior-year amounts adjusted. Note 4.

² Including non-interest-bearing provisions.

³ Average FTEs.

10.1 Segment reporting disclosures

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.

External revenue is the revenue generated by the divisions from non-Group third parties. Internal revenue is revenue generated with other divisions. If comparable external market prices exist for services or products offered internally within the Group, these market prices or market-oriented prices are used as transfer prices (arm's length principle). The transfer prices for services for which no external market exists are generally based on incremental costs.

The expenses for IT services provided in the IT service centres are allocated to the divisions by their origin. The additional costs resulting from Deutsche Post AG's universal postal service obligation (nationwide retail outlet network, delivery every working day), and from its obligation to assume the compensation structure as the legal successor to Deutsche Bundespost, are allocated to the MAIL division.

As part of the central management of currency risk, fluctuations between projected and actual exchange rates are fully or partially absorbed centrally by Corporate Treasury on the basis of division-specific agreements.

In keeping with internal reporting, capital expenditure (capex) is disclosed. Additions to intangible assets net of goodwill and to property, plant and equipment are reported in the capex figure. Depreciation, amortisation and impairment losses relate to the segment assets allocated to the individual divisions. Other non-cash expenses relate primarily to expenses from the recognition of provisions.

The profitability of the Group's operating areas is measured as profit from operating activities (EBIT).

Reflecting the Group's predominant organisational structure, the primary reporting format is based on the divisions. The Group distinguishes between the following divisions:

10.2 Segments by division

MAIL

In addition to the transport and delivery of written communications, the MAIL division is positioned as an end-to-end service provider for the management of written communications. The division comprises the following business units: Mail Communication, Dialogue Marketing, Press Services, Parcel Germany, Global Mail, Retail Outlets and the Pension Service.

EXPRESS

The EXPRESS division offers international and domestic courier and express services to business and private customers. The division comprises the Express Europe, Express Americas, Express Asia Pacific and Express MEA (Middle East and Africa) business units.

GLOBAL FORWARDING, FREIGHT

The activities of the GLOBAL FORWARDING, FREIGHT division comprise the transportation of goods by rail, road, air and sea. The division's business units are Global Forwarding and Freight.

SUPPLY CHAIN

The division specialises in contract logistics and provides warehousing and transport services as well as value-added services along the entire supply chain in the different sectors. The division also offers end-to-end solutions for corporate information and communications management. The division's business units are Supply Chain and Williams Lea.

In addition to the reportable segments given above, segment reporting comprises the following categories:

Corporate Center/Other

Corporate Center/Other comprises Global Business Services (GBS), the Corporate Center, 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).

Consolidation

The data for the divisions are presented following consolidation of interdivisional transactions. The transactions between the divisions are eliminated in the Consolidation column.

10.3 Information about geographical areas

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 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.

10.4 Reconciliation of segment amounts

Reconciliation of segment amounts to consolidated amounts

Reconciliation

| €m | Total for reportable segments | | Corporate Center/Other | | Reconciliation to Group/ Consolidation | | Consolidated amount | |
|---|-------------------------------|---------------|------------------------|--------------|---|---------------|---------------------|---------------|
| | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 | 2012 ¹ | 2013 |
| External revenue | 55,461 | 55,014 | 51 | 71 | 0 | 0 | 55,512 | 55,085 |
| Internal revenue | 1,295 | 1,265 | 1,152 | 1,180 | -2,447 | -2,445 | 0 | 0 |
| Total revenue | 56,756 | 56,279 | 1,203 | 1,251 | -2,447 | -2,445 | 55,512 | 55,085 |
| Other operating income | 1,966 | 1,822 | 1,420 | 1,358 | -1,218 | -1,219 | 2,168 | 1,961 |
| Materials expense | -33,161 | -32,492 | -1,294 | -1,308 | 2,592 | 2,588 | -31,863 | -31,212 |
| Staff costs | -16,845 | -16,812 | -944 | -983 | 19 | 10 | -17,770 | -17,785 |
| Other operating expenses | -4,492 | -4,386 | -602 | -526 | 1,051 | 1,065 | -4,043 | -3,847 |
| Depreciation, amortisation and impairment losses | -1,133 | -1,128 | -206 | -213 | 0 | 0 | -1,339 | -1,341 |
| Profit/loss from operating activities (EBIT) | 3,091 | 3,283 | -423 | -421 | -3 | -1 | 2,665 | 2,861 |
| Net income from associates | 2 | 2 | 0 | 0 | 0 | 0 | 2 | 2 |
| Net other finance costs | - | - | - | - | - | - | -458 | -291 |
| Profit before income taxes | - | - | - | - | - | - | 2,209 | 2,572 |
| Income taxes | - | - | - | - | - | - | -447 | -361 |
| Consolidated net profit for the period | - | - | - | - | - | - | 1,762 | 2,211 |
| of which attributable to | | | | | | | | |
| Deutsche Post AG shareholders | - | - | - | - | - | - | 1,640 | 2,091 |
| Non-controlling interests | - | - | - | - | - | - | 122 | 120 |

¹ Prior-year amounts adjusted ■ Note 4.

The following table shows the reconciliation of Deutsche Post DHL's total assets to the segment assets. Financial assets, income tax assets, deferred taxes, cash and cash equivalents as well as additional interest-bearing asset components are deducted.

Reconciliation of segment assets

| €m | 2012 ¹ | 2013 |
|--|-------------------|---------------|
| Total assets | 33,857 | 35,478 |
| Investment property | -43 | -33 |
| Non-current financial assets including investments in associates | -1,085 | -1,172 |
| Other non-current assets | -200 | -125 |
| Deferred tax assets | -1,328 | -1,327 |
| Income tax assets | -127 | -168 |
| Receivables and other current assets | -10 | -7 |
| Current financial assets | -225 | -819 |
| Cash and cash equivalents | -2,400 | -3,417 |
| Segment assets | 28,439 | 28,410 |
| of which Corporate Center/Other | 1,322 | 1,491 |
| Total for reportable segments | 27,332 | 27,024 |
| Consolidation | -215 | -105 |

¹ Prior-year amounts adjusted ■ Note 4.

The following table shows the reconciliation of Deutsche Post DHL's total liabilities to the segment liabilities. The interest-bearing components of the provisions and liabilities as well as income tax liabilities and deferred taxes are deducted.

Reconciliation of segment liabilities

| €m | 2012 ¹ | 2013 |
|---------------------------------|-------------------|---------------|
| Total equity and liabilities | 33,857 | 35,478 |
| Equity | -9,228 | -10,048 |
| Consolidated liabilities | 24,629 | 25,430 |
| Non-current provisions | -7,315 | -6,715 |
| Non-current liabilities | -4,689 | -4,839 |
| Current provisions | -182 | -143 |
| Current liabilities | -939 | -1,756 |
| Segment liabilities | 11,504 | 11,977 |
| of which Corporate Center/Other | 797 | 845 |
| Total for reportable segments | 10,827 | 11,244 |
| Consolidation | -120 | -112 |

¹ Prior-year amounts adjusted ■ Note 4.

INCOME STATEMENT DISCLOSURES

11 Revenue

| €m | 2012 | 2013 |
|---------|--------|--------|
| Revenue | 55,512 | 55,085 |

Revenue declined by €427 million (0.8%) year-on-year to €55,085 million. The decrease was due to the following factors:

Factors affecting revenue decrease

| €m | 2013 |
|--------------------------------|-------------|
| Organic growth | 1,548 |
| Portfolio changes ¹ | -287 |
| Currency translation effects | -1,738 |
| Other factors ² | 50 |
| Total | -427 |

¹ Disclosures [Note 2](#).

² See [Note 45.1](#) for changes in the provision for postage stamps.

As in the prior-year period, there was no revenue in financial year 2013 that was generated on the basis of barter transactions.

The further classification of revenue by division and the allocation of revenue to geographical areas are presented in the segment reporting.

12 Other operating income

| €m | 2012 | 2013 |
|---|--------------|--------------|
| Income from the reversal of provisions | 396 | 206 |
| Insurance income | 172 | 191 |
| Income from currency translation differences | 178 | 155 |
| Rental and lease income | 144 | 136 |
| Income from fees and reimbursements | 145 | 133 |
| Gains on disposal of non-current assets | 127 | 112 |
| Commission income | 119 | 105 |
| Income from the remeasurement of liabilities | 193 | 101 |
| Income from work performed and capitalised | 105 | 88 |
| Income from the remeasurement of assets and receivables | 92 | 85 |
| Income from prior-period billings | 44 | 71 |
| Income from derivatives | 11 | 66 |
| Income from the derecognition of liabilities | 20 | 31 |
| Income from loss compensation | 24 | 25 |
| Recoveries on receivables previously written off | 13 | 17 |
| Subsidies | 9 | 8 |
| Income from trade-related insurance deductions | 6 | 6 |
| Miscellaneous | 370 | 425 |
| Other operating income | 2,168 | 1,961 |

The decline in other operating income is largely attributable to the lower income from the reversal of provisions. In the previous year, the income from the reversal of provisions primarily reflected changes in the assessment of settlement payment obligations assumed in the context of the restructuring measures in the USA.

€31 million of the gains on disposal of non-current assets is attributable to the deconsolidation gains on the sale of subsidiaries; [Note 2](#).

The higher income from the remeasurement of liabilities in the previous year related largely to the reversal of accruals no longer required.

Subsidies relate to grants for the purchase or production of assets. The grants are reported as deferred income and recognised in the income statement over the useful lives of the assets.

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

13 Materials expense

| €m | 2012 | 2013 |
|--|---------------|---------------|
| Cost of raw materials, consumables and supplies, and of goods purchased and held for resale | | |
| Goods purchased and held for resale | 1,779 | 1,829 |
| Aircraft fuel | 1,364 | 1,312 |
| Fuel | 871 | 848 |
| Packaging material | 351 | 364 |
| Spare parts and repair materials | 80 | 88 |
| Office supplies | 60 | 65 |
| Other expenses | 123 | 121 |
| | 4,628 | 4,627 |
| Cost of purchased services | | |
| Transportation costs | 18,835 | 18,268 |
| Cost of temporary staff | 2,015 | 2,005 |
| Expenses from non-cancellable leases | 1,730 | 1,696 |
| Maintenance costs | 965 | 969 |
| IT services | 611 | 603 |
| Expenses from cancellable leases | 545 | 551 |
| Commissions paid | 456 | 467 |
| Expenses for the use of Postbank branches | 430 | 409 |
| Other lease expenses (incidental expenses) | 254 | 261 |
| Other purchased services | 1,394 | 1,356 |
| | 27,235 | 26,585 |
| Materials expense | 31,863 | 31,212 |

The decline in the materials expense is mainly due to lower transportation costs as a result of exchange rate effects.

Other expenses include a large number of individual items.

14 Staff costs/employees

| €m | 2012 | 2013 |
|---|---------------|---------------|
| Wages, salaries and compensation ¹ | 14,209 | 14,307 |
| of which expenses under Share Matching Scheme | 91 | 82 |
| of which expenses from 2006 SAR Plan/LTIP | 143 | 202 |
| Social security contributions | 2,094 | 2,111 |
| Retirement benefit expenses ¹ | 954 | 883 |
| Expenses for other employee benefits | 336 | 357 |
| Expenses for severance payments | 177 | 127 |
| Staff costs | 17,770 | 17,785 |

¹ Prior-year amounts adjusted ■ Note 4.

The increase in wage, salary and compensation payments due to the higher headcount and staff costs was cushioned by exchange rate effects.

€62 million of the expenses under the Share Matching Scheme (previous year: €72 million) is attributable to cash-settled share-based payments. This amount corresponds to the obligation at the balance sheet date. In addition, expenses of €20 million (previous year: €19 million) were incurred for equity-settled share-based payments.

Staff costs relate mainly to wages, salaries and compensation, as well as all other benefits paid to employees of the Group for their services in the year under review. Social security contributions relate in particular to statutory social security contributions paid by employers.

Retirement benefit expenses include the service cost related to the defined benefit retirement plans. Detailed information can be found in ■ Note 44. These expenses also include contributions to defined contribution retirement plans for civil servants in Germany in the amount of €538 million (previous year: €542 million), as well as for the Group's hourly workers and salaried employees – particularly in the UK, the USA and the Netherlands – in the amount of €286 million (previous year: €238 million).

The average number of Group employees in the year under review, broken down by employee group, was as follows:

| Employees (annual average) | 2012 | 2013 |
|---------------------------------------|----------------|----------------|
| headcount | | |
| Hourly workers and salaried employees | 424,950 | 433,956 |
| Civil servants | 42,461 | 40,321 |
| Trainees | 4,910 | 4,935 |
| Employees | 472,321 | 479,212 |

The employees of companies acquired or disposed of during the year under review were included rateably. Calculated as full-time equivalents, the number of employees as at 31 December 2013 amounted to 435,285 (31 December 2012: 428,129). The number of employees at consolidated joint ventures amounted to 163 on a proportionate basis (previous year: 169).

15 Depreciation, amortisation and impairment losses

| €m | 2012 | 2013 |
|--|--------------|--------------|
| Amortisation of and impairment losses on intangible assets, excluding impairment of goodwill | 295 | 290 |
| Depreciation of and impairment losses on property, plant and equipment | | |
| Land and buildings (including leasehold improvements) | 180 | 174 |
| Technical equipment and machinery | 242 | 252 |
| Other equipment, operating and office equipment, vehicle fleet | 420 | 409 |
| Aircraft | 202 | 215 |
| | 1,044 | 1,050 |
| Impairment losses on investment property | 0 | 1 |
| | 1,339 | 1,341 |
| Impairment of goodwill | 0 | 0 |
| Depreciation, amortisation and impairment losses | 1,339 | 1,341 |

Depreciation, amortisation and impairment losses increased by €2 million year-on-year to €1,341 million. This figure includes impairment losses of €38 million (previous year: €28 million). The impairment losses are attributable to the segments as follows:

Impairment losses on non-current assets

| €m | 2012 | 2013 |
|--|-----------|-----------|
| MAIL | 1 | 12 |
| Intangible assets | 0 | 12 |
| Property, plant and equipment | 1 | 0 |
| EXPRESS | 18 | 22 |
| Property, plant and equipment | 18 | 22 |
| of which technical equipment and machinery | 0 | 3 |
| of which aircraft | 18 | 19 |
| SUPPLY CHAIN | 2 | 0 |
| Intangible assets | 1 | 0 |
| Property, plant and equipment | 1 | 0 |
| of which technical equipment and machinery | 1 | 0 |
| Corporate Center/Other | 7 | 4 |
| Intangible assets | 0 | 3 |
| Property, plant and equipment | 7 | 0 |
| of which land and buildings | 7 | 0 |
| Investment property | 0 | 1 |
| Impairment losses | 28 | 38 |

Most of the impairment losses are attributable to aircraft that are no longer used, as in the previous year.

16 Other operating expenses

| €m | 2012 | 2013 |
|--|--------------|--------------|
| Expenses for advertising and public relations | 341 | 341 |
| Cost of purchased cleaning and security services | 315 | 321 |
| Travel and training costs | 344 | 315 |
| Other business taxes | 550 | 301 |
| Insurance costs | 240 | 271 |
| Warranty expenses and compensation payments | 237 | 259 |
| Write-downs of current assets | 198 | 226 |
| Telecommunication costs | 227 | 220 |
| Office supplies | 172 | 180 |
| Consulting costs | 206 | 177 |
| Expenses from currency translation differences | 181 | 156 |
| Entertainment and corporate hospitality expenses | 144 | 147 |
| Services provided by the Federal Posts and Telecommunications Agency | 87 | 93 |
| Losses on disposal of assets | 59 | 87 |
| Voluntary social benefits | 78 | 80 |
| Contributions and fees | 69 | 75 |
| Commissions paid | 68 | 70 |
| Legal advisory costs | 66 | 61 |
| Monetary transaction costs | 38 | 40 |
| Audit costs | 32 | 33 |
| Expenses from prior-period billings | 28 | 29 |
| Expenses from derivatives | 56 | 20 |
| Donations | 19 | 20 |
| Miscellaneous | 288 | 325 |
| Other operating expenses | 4,043 | 3,847 |

The decline in other operating expenses is mainly due to the lower business taxes. The prior-year figure included the additional VAT payment imposed by the tax authorities for the period from 1998 to 30 June 2010.

€23 million of the losses on disposal of assets is attributable to the deconsolidation loss from the sale of DHL Fashion (France) SAS's fashion logistics business; [Note 2](#).

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

Taxes other than income taxes are either recognised under the related expense item or, if no specific allocation is possible, under other operating expenses.

17 Net income from associates

| €m | 2012 | 2013 |
|----------------------------|------|------|
| Net income from associates | 2 | 2 |

Investments in companies on which a significant influence can be exercised and which are accounted for using the equity method contributed €2 million (previous year: €2 million) to net finance costs. As in the previous year, this contribution mainly relates to Danzas A&E Emirates LLC, United Arab Emirates.

18 Net other finance costs

| €m | 2012 | 2013 |
|---|---------------|-------------|
| Other financial income | | |
| Interest income | 48 | 92 |
| Income from other equity investments and financial assets | 6 | 14 |
| Gains on the disposal of associates | 541 | 0 |
| Other financial income | 62 | 76 |
| | 657 | 182 |
| Other finance costs | | |
| Interest expenses ¹ | -671 | -365 |
| of which unwinding of discounts for net provisions for pensions and other provisions ¹ | -381 | -187 |
| Write-downs of financial assets | -35 | -26 |
| Other finance costs | -372 | -40 |
| | -1,078 | -431 |
| Foreign currency result | -37 | -42 |
| Net other finance costs | -458 | -291 |

¹ Prior-year amounts adjusted [Note 4](#).

Net other finance costs improved by €167 million to €291 million. The change in financial income is due to the disposal gain of €541 million on the sale of Deutsche Postbank AG included in the prior-year figure. The interest income from the reversal of a provision for interest on tax liabilities made a positive contribution in the financial year.

Finance costs were lower. In the previous year, this figure had included the interest expense on the additional VAT payment. In financial year 2013, the lower interest expense on pensions and other provisions resulting from the decline in interest rates in particular improved net finance costs.

Net finance costs includes interest income of €92 million (previous year: €48 million) as well as interest expense of €365 million (previous year, adjusted: €671 million). These result from financial assets and liabilities that were not measured at fair value through profit or loss.

Further information on the unwinding of discounted net pension provisions can be found in [Note 44.5](#).

19 Income taxes

| €m | 2012 | 2013 |
|--|-------------|-------------|
| Current income tax expense | -591 | -604 |
| Current recoverable income tax | 4 | 198 |
| | -587 | -406 |
| Deferred tax expense from temporary differences ¹ | -47 | -87 |
| Deferred tax income from tax loss carryforwards | 187 | 132 |
| | 140 | 45 |
| Income taxes | -447 | -361 |

¹ Prior-year amounts adjusted ■ Note 4.

The reconciliation to the effective income tax expense is shown below, based on consolidated net profit before income taxes and the expected income tax expense:

Reconciliation

| €m | 2012 | 2013 |
|--|-------------|-------------|
| Profit before income taxes ¹ | 2,209 | 2,572 |
| Expected income taxes | -658 | -766 |
| Deferred tax assets not recognised for initial differences | 6 | 20 |
| Deferred tax assets of German Group companies not recognised for tax loss carryforwards and temporary differences | 105 | 242 |
| Deferred tax assets of foreign Group companies not recognised for tax loss carryforwards and temporary differences | 141 | 51 |
| Effect of current taxes from previous years | -70 | 113 |
| Tax-exempt income and non-deductible expenses | -42 | -87 |
| Differences in tax rates at foreign companies | 71 | 66 |
| Income taxes | -447 | -361 |

¹ Prior-year amounts adjusted ■ Note 4.

The difference from deferred tax assets not recognised for initial differences is due to temporary differences between the carrying amounts in the IFRS financial statements and in the tax accounts of Deutsche Post AG that result from initial differences in the opening tax accounts as at 1 January 1995. In accordance with IAS 12.15 (b) and IAS 12.24 (b), the Group did not recognise any deferred tax assets in respect of these temporary differences, which related mainly to property, plant and equipment as well as to provisions for pensions and similar obligations. The remaining temporary differences between the carrying amounts in the IFRS financial statements and in the opening tax accounts amounted to €366 million as at 31 December 2013 (previous year: €434 million).

The effects from deferred tax assets of German Group companies not recognised for tax loss carryforwards and temporary differences relate primarily to Deutsche Post AG and members of its consolidated tax group. Effects from deferred tax assets of foreign companies not recognised for tax loss carryforwards and temporary differences relate primarily to the Americas region.

€106 million (previous year: €85 million) of the effects from deferred tax assets not recognised for tax loss carryforwards and temporary differences relates to the reduction of the effective income tax expense due to the utilisation of tax loss carryforwards and temporary differences, for which deferred tax assets had previously not been recognised. In addition, the recognition of deferred taxes previously not recognised for tax loss carryforwards and deductible temporary differences from a prior period reduced the deferred tax expense by €208 million (previous year: €207 million). Effects from unrecognised deferred tax assets amounting to €10 million (previous year: €79 million, write-down) were due to a valuation allowance recognised for a deferred tax asset. Other effects from unrecognised deferred tax assets primarily relate to tax loss carryforwards for which no deferred taxes were recognised.

A deferred tax asset in the amount of €7 million (previous year: €979 million) was recognised in the balance sheet for companies that reported a loss in the previous year or in the current period as, based on tax planning, realisation of the tax asset is probable.


In financial year 2013, as in the previous year, German Group companies were not affected by tax rate changes. The change in the tax rate in some foreign tax jurisdictions did not lead to any significant effects.

The effective income tax expense includes prior-period tax expenses from German and foreign companies in the amount of €113 million (tax income) (previous year: expense of €70 million).

The following table presents the tax effects on the components of other comprehensive income:

Other comprehensive income

| €m | Before taxes | Income taxes | After taxes |
|---|---------------|--------------|---------------|
| 2013 | | | |
| Change due to remeasurements of net pension provisions | -50 | 36 | -14 |
| IFRS 3 revaluation reserve | -1 | 0 | -1 |
| IAS 39 revaluation reserve | 77 | -8 | 69 |
| IAS 39 hedging reserve | 62 | -18 | 44 |
| Currency translation reserve | -462 | 0 | -462 |
| Other changes in retained earnings | 1 | 0 | 1 |
| Share of other comprehensive income of associates | 0 | 0 | 0 |
| Other comprehensive income | -373 | 10 | -363 |
| 2012 | | | |
| Change due to remeasurements of net pension provisions ¹ | -1,198 | 8 | -1,190 |
| IFRS 3 revaluation reserve | -2 | 0 | -2 |
| IAS 39 revaluation reserve | -12 | 2 | -10 |
| IAS 39 hedging reserve | 36 | -9 | 27 |
| Currency translation reserve | 3 | 0 | 3 |
| Other changes in retained earnings ¹ | 2 | 0 | 2 |
| Share of other comprehensive income of associates | -37 | 0 | -37 |
| Other comprehensive income¹ | -1,208 | 1 | -1,207 |

¹ Prior-year amounts adjusted  Note 4.

20 Consolidated net profit for the period

In financial year 2013, the Group generated a consolidated net profit for the period of €2,211 million (previous year, adjusted: €1,762 million). Of this figure, €2,091 million (previous year, adjusted: €1,640 million) was attributable to Deutsche Post AG shareholders.

21 Non-controlling interests


The net profit attributable to non-controlling interests decreased by €2 million to €120 million.

22 Earnings per share

Basic earnings per share are computed in accordance with IAS 33 (Earnings per Share) by dividing consolidated net profit by the average number of shares. Basic earnings per share for financial year 2013 were €1.73 (previous year, adjusted: €1.36).

Basic earnings per share


| | | 2012 adjusted | 2013 |
|---|----------|------------------|---------------|
| Consolidated net profit for the period attributable to Deutsche Post AG shareholders ¹ | €m | 1,640 | 2,091 |
| Weighted average number of shares outstanding | number | 1,208,890,874 | 1,208,910,457 |
| Basic earnings per share¹ | € | 1.36 | 1.73 |

¹ Prior-year amounts adjusted  Note 4.

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of all potentially dilutive shares. This item includes the executives' rights to shares under the Share Matching Scheme (as at 31 December 2013: 5,992,349 shares) and the maximum number of ordinary shares that can be issued on exercise of the conversion rights under the convertible bond issued on 6 December 2012. Consolidated net profit for the period attributable to Deutsche Post AG shareholders was increased by the amounts spent for the convertible bonds.


Diluted earnings per share

| | | 2012 | 2013 |
|---|----------|----------------|---------------|
| Consolidated net profit for the period attributable to Deutsche Post AG shareholders ¹ | €m | 1,640 | 2,091 |
| Plus interest expense on the convertible bond | €m | 0 ² | 6 |
| Less income taxes | €m | 0 ² | 1 |
| Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders | €m | 1,640 | 2,096 |
| Weighted average number of shares outstanding | number | 1,208,890,874 | 1,208,910,457 |
| Potentially dilutive shares | number | 51,569,759 | 52,944,097 |
| Weighted average number of shares for diluted earnings | number | 1,260,460,633 | 1,261,854,554 |
| Diluted earnings per share¹ | € | 1.30 | 1.66 |

¹ Prior-year amounts adjusted  Note 4.

² Rounded below €1 million.

23 Dividend per share

A dividend per share of €0.80 is being proposed for financial year 2013. Based on the 1,209,015,874 shares recorded in the commercial register as at 31 December 2013, this corresponds to a dividend distribution of €967 million. In the previous year the dividend amounted to €0.70 per share. Further details on the dividend distribution can be found in  Notes 42 and 59.

BALANCE SHEET DISCLOSURES

24 Intangible assets

24.1 Overview

| €m | Internally generated intangible assets | Purchased brand names | Purchased customer lists | Other purchased intangible assets | Goodwill | Advance payments and intangible assets under development | Total |
|---|--|-----------------------|--------------------------|-----------------------------------|---------------|--|---------------|
| Cost | | | | | | | |
| Balance at 1 January 2012 | 1,049 | 481 | 942 | 1,423 | 12,108 | 89 | 16,092 |
| Additions from business combinations | 0 | 0 | 0 | 0 | 33 | 0 | 33 |
| Additions | 65 | 0 | 4 | 134 | 0 | 101 | 304 |
| Reclassifications | 27 | 10 | 0 | 33 | 0 | -49 | 21 |
| Disposals | -57 | 0 | 0 | -92 | -29 | -7 | -185 |
| Currency translation differences | -1 | 11 | -2 | 2 | -53 | 0 | -43 |
| Balance at 31 December 2012/1 January 2013 | 1,083 | 502 | 944 | 1,500 | 12,059 | 134 | 16,222 |
| Additions from business combinations | 1 | 0 | 0 | 4 | 31 | 0 | 36 |
| Additions | 39 | 0 | 0 | 79 | 0 | 126 | 244 |
| Reclassifications | 23 | 0 | 0 | 22 | 0 | -36 | 9 |
| Disposals | -30 | 0 | 0 | -90 | -22 | -1 | -143 |
| Currency translation differences | -3 | -12 | -36 | -35 | -294 | 0 | -380 |
| Balance at 31 December 2013 | 1,113 | 490 | 908 | 1,480 | 11,774 | 223 | 15,988 |
| Amortisation and impairment losses | | | | | | | |
| Balance at 1 January 2012 | 770 | 446 | 487 | 1,057 | 1,135 | 1 | 3,896 |
| Additions from business combinations | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation | 97 | 0 | 78 | 119 | 0 | 0 | 294 |
| Impairment losses | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Reclassifications | 5 | 0 | 0 | -5 | 0 | 0 | 0 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | -51 | 0 | 0 | -79 | -3 | 0 | -133 |
| Currency translation differences | 0 | 11 | -5 | 2 | 5 | 0 | 13 |
| Balance at 31 December 2012/1 January 2013 | 821 | 457 | 560 | 1,095 | 1,137 | 1 | 4,071 |
| Additions from business combinations | 1 | 0 | 0 | 2 | 0 | 0 | 3 |
| Amortisation | 99 | 0 | 58 | 118 | 0 | 0 | 275 |
| Impairment losses | 0 | 0 | 0 | 15 | 0 | 0 | 15 |
| Reclassifications | 2 | 0 | 0 | -1 | 0 | 0 | 1 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | -28 | 0 | 0 | -81 | -5 | 0 | -114 |
| Currency translation differences | -2 | -10 | -26 | -26 | -35 | 0 | -99 |
| Balance at 31 December 2013 | 893 | 447 | 592 | 1,122 | 1,097 | 1 | 4,152 |
| Carrying amount at 31 December 2013 | 220 | 43 | 316 | 358 | 10,677 | 222 | 11,836 |
| Carrying amount at 31 December 2012 | 262 | 45 | 384 | 405 | 10,922 | 133 | 12,151 |

Purchased software, concessions, industrial rights, licences and similar rights and assets are reported under purchased intangible assets. Internally generated intangible assets relate to development costs for internally developed software. Other than goodwill, only brand names that are acquired in their entirety are considered to have indefinite useful lives.

The additions to goodwill are attributable to optivo GmbH (€17 million), Compador Technologies (€4 million), RISER ID (€5 million) and All you need (€5 million).

Of the net disposals of goodwill, €4 million relates to Cargus International, €7 million to ITG Group and €6 million to Exel Direct; [Note 2](#).

24.2 Allocation of goodwill to CGUs

| €m | 2012 | 2013 |
|-----------------------------------|---------------|---------------|
| Total goodwill | 10,922 | 10,677 |
| MAIL | 646 | 667 |
| EXPRESS | 4,092 | 4,069 |
| GLOBAL FORWARDING, FREIGHT | | |
| DHL Global Forwarding | 3,802 | 3,653 |
| DHL Freight | 320 | 316 |
| SUPPLY CHAIN | | |
| DHL Supply Chain | 1,640 | 1,561 |
| Williams Lea | 422 | 411 |

For the purposes of annual impairment testing in accordance with IAS 36, the Group determines the recoverable amount of a CGU on the basis of its value in use. This calculation is based on projections of free cash flows that are initially discounted at a rate corresponding to the post-tax cost of capital. Pre-tax discount rates are then determined iteratively.

The cash flow projections are based on the detailed planning for EBIT, depreciation/amortisation and investment planning adopted by management, as well as changes in net working capital, and take both internal historical data and external macroeconomic data into account. From a methodological perspective, the detailed planning phase covers a three-year planning horizon from 2014 to 2016. It is supplemented by a perpetual annuity representing the value added from 2017 onwards. This is calculated using a long-term growth rate, which is determined for each CGU separately and which is shown in the table below. The growth rates applied are based on long-term real growth figures for the relevant economies, growth expectations for the relevant sectors and long-term inflation forecasts for the countries in which the CGUs operate. The cash flow forecasts are based both on past experience and on the effects of the anticipated future general market trend. In addition, the forecasts take into account growth in the respective geographical submarkets and in global trade, and the ongoing trend towards outsourcing logistics activities. Cost trend forecasts for the transportation network and services also have an impact on value in use.

The pre-tax cost of capital is based on the weighted average cost of capital. The (pre-tax) discount rates for the individual CGUs and the growth rates assumed in each case for the perpetual annuity are shown in the following table:

| % | Discount rates | | Growth rates | |
|-----------------------------------|----------------|------------|--------------|------------|
| | 2012 | 2013 | 2012 | 2013 |
| SUPPLY CHAIN | | | | |
| DHL Supply Chain | 9.2 | 9.3 | 2.5 | 2.5 |
| Williams Lea | 7.8 | 9.1 | 2.0 | 2.0 |
| GLOBAL FORWARDING, FREIGHT | | | | |
| DHL Freight | 9.4 | 9.4 | 2.0 | 2.0 |
| DHL Global Forwarding | 9.1 | 9.2 | 2.5 | 2.5 |
| MAIL | 8.0 | 8.8 | 0.5 | 0.5 |
| EXPRESS | 9.2 | 9.5 | 2.0 | 2.0 |

On the basis of these assumptions and the impairment tests carried out for the individual CGUs to which goodwill was allocated, it was established that the recoverable amounts for all CGUs exceed their carrying amounts. No impairment losses were recognised on goodwill in any of the CGUs as at 31 December 2013.

When performing the impairment test, Deutsche Post DHL conducted sensitivity analyses as required by IAS 36.134. These analyses did not reveal any risk of impairment to goodwill.

25 Property, plant and equipment

25.1 Overview

| €m | Land and buildings | Technical equipment and machinery | Other equipment, operating and office equipment | Aircraft | Vehicle fleet and transport equipment | Advance payments and assets under development | Total |
|--|--------------------|-----------------------------------|---|----------|---------------------------------------|---|--------|
| Cost | | | | | | | |
| Balance at 1 January 2012 | 4,489 | 4,291 | 2,479 | 1,707 | 2,040 | 444 | 15,450 |
| Additions from business combinations | 2 | 2 | 3 | 0 | 0 | 0 | 7 |
| Additions | 88 | 138 | 160 | 116 | 278 | 613 | 1,393 |
| Reclassifications | 88 | 201 | 52 | 402 | 33 | -782 | -6 |
| Disposals | -124 | -616 | -168 | -162 | -238 | -13 | -1,321 |
| Currency translation differences | -3 | -6 | -6 | -6 | 1 | 1 | -19 |
| Balance at 31 December 2012/1 January 2013 | 4,540 | 4,010 | 2,520 | 2,057 | 2,114 | 263 | 15,504 |
| Additions from business combinations | 1 | 13 | 3 | 0 | 4 | 0 | 21 |
| Additions | 214 | 151 | 189 | 34 | 283 | 640 | 1,511 |
| Reclassifications | 74 | 177 | 44 | 228 | 26 | -550 | -1 |
| Disposals | -155 | -197 | -180 | -150 | -239 | -10 | -931 |
| Currency translation differences | -97 | -89 | -86 | -16 | -30 | -4 | -322 |
| Balance at 31 December 2013 | 4,577 | 4,065 | 2,490 | 2,153 | 2,158 | 339 | 15,782 |
| Depreciation and impairment losses | | | | | | | |
| Balance at 1 January 2012 | 2,043 | 3,085 | 1,888 | 843 | 1,097 | 1 | 8,957 |
| Additions from business combinations | 1 | 1 | 2 | 0 | 0 | 0 | 4 |
| Depreciation | 172 | 241 | 214 | 184 | 206 | 0 | 1,017 |
| Impairment losses | 8 | 1 | 0 | 18 | 0 | 0 | 27 |
| Reclassifications | 9 | 0 | 3 | 0 | 0 | 0 | 12 |
| Reversals of impairment losses | 0 | -1 | 0 | -9 | 0 | 0 | -10 |
| Disposals | -51 | -592 | -157 | -147 | -206 | 0 | -1,153 |
| Currency translation differences | -6 | -3 | -3 | -2 | 1 | 0 | -13 |
| Balance at 31 December 2012/1 January 2013 | 2,176 | 2,732 | 1,947 | 887 | 1,098 | 1 | 8,841 |
| Additions from business combinations | 1 | 12 | 1 | 0 | 4 | 0 | 18 |
| Depreciation | 174 | 249 | 207 | 196 | 202 | 0 | 1,028 |
| Impairment losses | 0 | 3 | 0 | 19 | 0 | 0 | 22 |
| Reclassifications | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| Reversals of impairment losses | 0 | 0 | 0 | -1 | 0 | 0 | -1 |
| Disposals | -94 | -151 | -166 | -125 | -207 | 0 | -743 |
| Currency translation differences | -55 | -52 | -66 | -8 | -17 | 0 | -198 |
| Balance at 31 December 2013 | 2,202 | 2,793 | 1,924 | 968 | 1,080 | 1 | 8,968 |
| Carrying amount at 31 December 2013 | 2,375 | 1,272 | 566 | 1,185 | 1,078 | 338 | 6,814 |
| Carrying amount at 31 December 2012 | 2,364 | 1,278 | 573 | 1,170 | 1,016 | 262 | 6,663 |

Advance payments relate only to advance payments on items of property, plant and equipment for which the Group has paid advances in connection with uncompleted transactions. Assets under development relate to items of property, plant and equipment in progress at the balance sheet date for whose production internal or third-party costs have already been incurred.

25.2 Finance leases

The following assets are carried as non-current assets resulting from finance leases:

| €m | 2012 | 2013 |
|---|------------|------------|
| Land and buildings | 47 | 155 |
| Technical equipment and machinery | 5 | 3 |
| Other equipment, operating and office equipment | 12 | 10 |
| Aircraft | 212 | 160 |
| Vehicle fleet and transport equipment | 4 | 2 |
| Finance leases | 280 | 330 |

The increase in land and buildings under finance leases is due to newly leased delivery bases in Germany. Information on the corresponding liabilities can be found under financial liabilities;

■ [Note 46.3.](#)

26 Investment property**26.1 Overview**

| €m | 2012 | 2013 |
|---------------------------------------|-----------|-----------|
| Cost | | |
| At 1 January | 61 | 53 |
| Additions | 0 | 2 |
| Reclassifications | -6 | -8 |
| Disposals | -2 | -4 |
| Currency translation differences | 0 | 0 |
| At 31 December | 53 | 43 |
| Depreciation | | |
| At 1 January | 21 | 10 |
| Additions | 0 | 1 |
| Impairment losses | 0 | 1 |
| Disposals | 0 | -2 |
| Reclassifications | -11 | 0 |
| At 31 December | 10 | 10 |
| Carrying amount at 31 December | 43 | 33 |

The investment property largely comprises leased property encumbered by heritable building rights, and developed and undeveloped land.

The reclassification to property, plant and equipment during the year related to a property in Berlin that is used for business purposes.

Rental income for investment property amounted to €1 million (previous year: €3 million), whilst the related expenses were less than €1 million (previous year: €3 million). The fair value amounted to €74 million (previous year: €82 million).

26.2 Fair value measurement under IFRS 13

The following table shows the fair value of the investment property measured using the valuation techniques. The term property also covers undeveloped land.

Investment property at 31 December 2013

| €m | Carrying amount | Fair value | Level 1 ¹ | Level 2 ² | Level 3 ³ |
|--------------------|-----------------|------------|----------------------|----------------------|----------------------|
| Property – Germany | 21 | 58 | – | 14 | 44 |
| Property – Angola | 2 | 2 | – | – | 2 |
| Property – USA | 10 | 14 | – | 14 | – |

¹ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

² Level 2: quoted market prices that are observable directly (as a price) or indirectly (derived from the price).

³ Level 3: inputs that are not based on observable market data.

Fair value is determined using the comparison, investment and discounted cash flow (DCF) methods. The main inputs are shown in the table below. Valuations are based on external and/or internal expert opinions as well as offered quotes. In some cases, inputs are based on criteria such as the size, age and condition of the land and buildings, the local economy and comparable prices, and are adjusted accordingly.

Information on fair value measurement: 2013

| | Fair value | | | | |
|---|------------|---------------------|--------------------------|-----------------------------------|----------------------------------|
| | €m | Valuation technique | Inputs | Input range | Weighted average |
| Developed land – Germany | 14 | Comparison method | Price per m ² | €270–€470/m ² | €370/m ² |
| Leased property encumbered by heritable building rights – Germany | 39 | Investment method | Price per m ² | – | – |
| Warehouse – Germany | 5 | DCF method | Expected rental income | – | €650 thousand p.a. less expenses |
| Property – Angola | 2 | Offered quotes | – | – | – |
| Property – USA | 14 | Comparison method | Price per acre | US\$90 thousand–115 thousand/acre | US\$105 thousand/acre |

There were no transfers between levels in financial year 2013.

27 Investments in associates

Investments in associates changed as follows:

| €m | 2012 | 2013 |
|---------------------------------------|-----------|-----------|
| At 1 January | 44 | 46 |
| Additions | 3 | 0 |
| Changes in Group's share of equity | | |
| Changes recognised in profit or loss | 2 | 2 |
| Profit distributions | –1 | 0 |
| Reclassified to current assets | –2 | 0 |
| Carrying amount at 31 December | 46 | 48 |

Investments in associates principally relate to Air Hong Kong Ltd, China, Danzas AEI Emirates LLC, United Arab Emirates, Tasman Cargo Airlines Pty. Limited, Australia, and DHL Oman. The complete list of the Group's shareholdings in accordance with section 313 (2) nos. 1 to 4 and section 313 (3) of the HGB can be accessed online at www.dpdhl.com/en/investors.html.

The following tables show a summary of the aggregate income statements and balance sheets of the associates. The amounts do not relate to the shares attributable to Deutsche Post DHL, but are presented based on a notional 100% shareholding.

Aggregate results

| €m | 2012 | 2013 |
|-------------------------|------|------|
| Revenue | 646 | 667 |
| Net profit for the year | 3 | 6 |

Aggregate balance sheets

| €m | 2012 | 2013 |
|----------------------------|------|------|
| Assets | 469 | 450 |
| Liabilities and provisions | 373 | 453 |

28 Non-current financial assets

| €m | 2012 | 2013 |
|---|--------------|--------------|
| Available-for-sale financial assets | 162 | 256 |
| Loans and receivables | 737 | 729 |
| Assets at fair value through profit or loss | 115 | 107 |
| Lease receivables | 25 | 32 |
| Non-current financial assets | 1,039 | 1,124 |

Write-downs of non-current financial assets amounting to €4 million (previous year: €6 million) were recognised in the income statement because the assets were impaired. All €4 million (previous year: €6 million) is attributable to assets at fair value through profit or loss.

Compared with the market rates of interest prevailing at 31 December 2013 for comparable non-current financial assets, most of the housing promotion loans are low-interest or interest-free loans. They are recognised in the balance sheet at a present value of €20 million (previous year: €26 million). The principal amount of these loans totals €22 million (previous year: €27 million).

Details on restraints on disposal are contained in [Note 50.2](#).

29 Other non-current assets

| €m | 1 Jan. 2012 | 2012 | 2013 |
|---------------------------------|-------------|------------|------------|
| Pension assets ¹ | 162 | 198 | 120 |
| Miscellaneous | 118 | 100 | 64 |
| Other non-current assets | 280 | 298 | 184 |

¹ Prior-year amount adjusted [Note 4](#).

Further information on pension assets can be found in [Note 44](#).

30 Deferred taxes

| €m | 1 Jan. 2012 | 2012 | 2013 |
|---------------------------------------|-------------|-------|-------|
| Deferred tax assets ¹ | 1,206 | 1,328 | 1,327 |
| Deferred tax liabilities ¹ | 186 | 156 | 124 |

¹ Prior-year amount adjusted [Note 4](#).

| €m | 2012 | | 2013 | |
|-------------------------------|--------------|-------------|--------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Intangible assets | 37 | 173 | 33 | 171 |
| Property, plant and equipment | 93 | 46 | 110 | 47 |
| Non-current financial assets | 18 | 59 | 8 | 55 |
| Other non-current assets | 7 | 25 | 42 | 38 |
| Other current assets | 38 | 33 | 71 | 63 |
| Provisions | 295 | 13 | 358 | 27 |
| Financial liabilities | 124 | 11 | 28 | 18 |
| Other liabilities | 104 | 45 | 150 | 17 |
| Tax loss carryforwards | 861 | – | 839 | – |
| Gross amount | 1,577 | 405 | 1,639 | 436 |
| Netting | –249 | –249 | –312 | –312 |
| Carrying amount | 1,328 | 156 | 1,327 | 124 |

€738 million (previous year: €602 million) of the deferred taxes on tax loss carryforwards relates to tax loss carryforwards in Germany and €101 million (previous year: €259 million) to foreign tax loss carryforwards. The decrease in deferred taxes recognised for foreign tax loss carryforwards results from a more detailed analysis of the allocation of usable deferred tax assets in the USA to temporary differences or tax loss carryforwards.

No deferred tax assets were recognised for tax loss carryforwards of around €11.2 billion (previous year: €11.9 billion) and for temporary differences of around €4,113 million (previous year: €4,184 million), as it can be assumed that the Group will probably not be able to use these tax loss carryforwards and temporary differences in its tax planning.

Most of the tax loss carryforwards are attributable to Deutsche Post AG. It will be possible to utilise them for an indefinite period of time. In the case of the foreign companies, the significant tax loss carryforwards will not lapse before 2023.

Deferred taxes have not been recognised for temporary differences of €631 million (previous year: €563 million) relating to earnings of German and foreign subsidiaries because these temporary differences will probably not reverse in the foreseeable future.

Maturity structure

| €m | Short-term | Long-term | Netting | Total |
|--------------------------|------------|-----------|---------|-------|
| 2013 | | | | |
| Deferred tax assets | 486 | 1,153 | –312 | 1,327 |
| Deferred tax liabilities | 169 | 267 | –312 | 124 |
| 2012 | | | | |
| Deferred tax assets | 492 | 1,085 | –249 | 1,328 |
| Deferred tax liabilities | 125 | 280 | –249 | 156 |

31 Inventories

Standard costs for inventories of postage stamps and spare parts in freight centres amounted to €15 million (previous year: €15 million). There was no requirement to charge significant valuation allowances on these inventories.

| €m | 2012 | 2013 |
|--|------------|------------|
| Raw materials, consumables and supplies | 184 | 183 |
| Work in progress | 60 | 126 |
| Finished goods and goods purchased and held for resale | 52 | 69 |
| Spare parts for aircraft | 25 | 21 |
| Advance payments | 1 | 4 |
| Inventories | 322 | 403 |

32 Current financial assets


| €m | 2012 | 2013 |
|---|------------|------------|
| Available-for-sale financial assets | 24 | 611 |
| Loans and receivables | 77 | 63 |
| Financial assets at fair value through profit or loss | 109 | 140 |
| Lease receivables | 42 | 7 |
| Current financial assets | 252 | 821 |

The increase in current financial assets is attributable to the investment of excess funds in money market funds.

Of the available-for-sale financial assets, €611 million (previous year: €24 million) was measured at fair value. Details on restraints on disposal are contained in [Note 50.2](#).


33 Trade receivables

| €m | 1 Jan. 2012 | 2012 | 2013 |
|----------------------------------|--------------|--------------|--------------|
| Trade receivables ¹ | 6,426 | 6,418 | 6,507 |
| Deferred revenue | 481 | 534 | 528 |
| Receivables from Group companies | 27 | 7 | 5 |
| Trade receivables | 6,934 | 6,959 | 7,040 |

¹ Prior-year amount adjusted  Note 4.

34 Other current assets

| €m | 1 Jan. 2012 ¹ | 2012 ¹ | 2013 |
|--|--------------------------|-------------------|--------------|
| Prepaid expenses | 672 | 679 | 634 |
| Current tax receivables | 586 | 491 | 490 |
| Receivables from private postal agencies | 8 | 148 | 157 |
| Income from cost absorption | 86 | 61 | 71 |
| Creditors with debit balances | 38 | 43 | 33 |
| Receivables from loss compensation (recourse claims) | 23 | 25 | 25 |
| Receivables from employees | 25 | 23 | 25 |
| Receivables from insurance business | 16 | 20 | 20 |
| Receivables from sale of assets | 29 | 0 | 6 |
| Receivables from cash-on-delivery | 13 | 7 | 5 |
| Receivables from Bundes-Pensions-Service für Post und Telekommunikation e.V. | 11 | 0 | 0 |
| Miscellaneous other assets | 648 | 656 | 755 |
| Other current assets | 2,155 | 2,153 | 2,221 |

¹ Prior-year amounts adjusted  Note 4.

Of the tax receivables, €366 million (previous year: €373 million) relates to VAT, €83 million (previous year: €68 million) to customs and duties, and €41 million (previous year: €50 million) to other tax receivables. Miscellaneous other assets include a large number of individual items.

35 Income tax assets and liabilities

| €m | 2012 | 2013 |
|------------------------|------|------|
| Income tax assets | 127 | 168 |
| Income tax liabilities | 534 | 430 |

All income tax assets and liabilities are current and have maturities of less than one year.

36 Cash and cash equivalents


| €m | 2012 | 2013 |
|----------------------------------|--------------|--------------|
| Cash equivalents | 884 | 2,078 |
| Bank balances/cash in transit | 1,430 | 1,222 |
| Cash | 13 | 22 |
| Other cash and cash equivalents | 73 | 95 |
| Cash and cash equivalents | 2,400 | 3,417 |

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

37.1 Overview

The amounts reported under this item mainly relate to the following:

| €m | Assets | | Liabilities | |
|--|-----------|-----------|-------------|----------|
| | 2012 | 2013 | 2012 | 2013 |
| Deutsche Post AG – real estate (Corporate Center/Other) | 22 | 20 | 0 | 0 |
| Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG, Germany – real estate (Corporate Center/Other) | 0 | 20 | 0 | 0 |
| Exel Inc., USA – real estate (SUPPLY CHAIN segment) | 9 | 2 | 0 | 0 |
| DHL Fashion (France) SAS, France – fashion logistics (SUPPLY CHAIN segment) | 13 | 0 | 18 | 0 |
| Investment in All you need GmbH, Germany – (MAIL segment) | 11 | 0 | 1 | 0 |
| DHL Logistics (China) Co. Ltd., China – real estate (SUPPLY CHAIN segment) | 8 | 0 | 7 | 0 |
| Cargus International s. r. l., Romania – domestic express business (EXPRESS segment) | 7 | 0 | 4 | 0 |
| Deutsche Post Immobilien GmbH, Germany – real estate (Corporate Center/Other) | 4 | 0 | 0 | 0 |
| us Express Aviation, USA – aircraft (EXPRESS segment) | 2 | 0 | 0 | 0 |
| Assets held for sale and liabilities associated with assets held for sale | 76 | 42 | 30 | 0 |

The sales of Cargus International, ITG Group, Exel Direct Inc. and DHL Fashion (France) were completed;  Note 2.

DEUTSCHE POST AG

Deutsche Post AG plans to sell two properties in Groß-öberitz-Heideloh and Berlin. The most recent appraisal of the assets prior to reclassification did not result in any impairment.

DEUTSCHE POST DHL CORPORATE REAL ESTATE MANAGEMENT GMBH & CO. LOGISTIKZENTREN KG

The company plans to sell a property in Hamburg. The assets and liabilities were reclassified as held for sale in accordance with IFRS 5. The most recent appraisal of the assets prior to reclassification did not result in any impairment.

EXEL INC.

The company plans to sell two commercial buildings and an industrial site in Pennsylvania.

ALL YOU NEED GMBH

In the third quarter of 2013, the Board of Management resolved not to pursue its plan to resell All you need GmbH, Berlin, which was acquired in financial year 2012. The company has been fully consolidated. Detailed information can be found in [Note 2](#).

37.2 Fair value measurement under IFRS 13

In accordance with IFRS 5, assets held for sale and liabilities associated with assets held for sale are no longer depreciated or amortised, but are recognised at the lower of their fair value less costs to sell and their carrying amount.

The following table shows how the fair values were measured on a non-recurring basis using different inputs.

Assets held for sale and liabilities associated with assets held for sale at 31 December 2013

| €m | Level 1 ¹ | Level 2 ² | Level 3 ³ |
|---|----------------------|----------------------|----------------------|
| Deutsche Post AG – real estate | – | – | 20 |
| Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG, Germany – real estate | – | – | 20 |
| Exel Inc., USA – real estate | – | 2 | – |

¹ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

² Level 2: quoted market prices that are observable directly (as a price) or indirectly (derived from the price).

³ Level 3: inputs that are not based on observable market data.

The fair values of the properties held for sale by Deutsche Post AG and Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG are determined on the basis of level 3 inputs. These are quotes offered by potential buyers.

External expert appraisals are available to determine the fair value of the land and buildings held for sale in the USA. The comparison method is used to determine fair value. The inputs which are assigned to level 2 are partly based on criteria such as the size, age and condition of the land and buildings, the local economy and comparable prices, and are adjusted accordingly. The principal input is the price per acre.

There were no transfers between levels in financial year 2013.

38 Issued capital**38.1 Share capital**

The convertible bond on Deutsche Post AG shares issued by KfW Bankengruppe (KfW) had been fully converted by the end of July 2013. KfW held a 21% interest in the share capital of Deutsche Post AG as at 13 December 2013 (previous year: 25.5%); the remaining 79% of the shares are in free float (previous year: 74.5%). KfW holds the shares in trust for the federal government.

Share ownership at 31 December

| number of shares | 2012 | 2013 |
|-------------------------------------|----------------------|----------------------|
| KfW | 308,277,358 | 253,861,436 |
| Free float | 900,738,516 | 955,154,438 |
| Share capital at 31 December | 1,209,015,874 | 1,209,015,874 |

38.2 Issued capital and purchase of treasury shares

The issued capital amounts to €1,209 million. It is composed of 1,209,015,874 no-par value registered shares (ordinary shares) with a notional interest in the share capital of €1 per share and is fully paid up.

Changes in issued capital

| € | 2012 | 2013 |
|--------------------------|----------------------|----------------------|
| At 1 January | 1,209,015,874 | 1,209,015,874 |
| Treasury shares acquired | –1,770,503 | –1,313,727 |
| Treasury shares issued | 1,770,503 | 1,313,727 |
| At 31 December | 1,209,015,874 | 1,209,015,874 |

Deutsche Post AG acquired 1.3 million shares at a total price of €23.5 million, including transaction costs, in a number of transactions in order to settle entitlements due under the bonus programme for executives (Share Matching Scheme). In addition to the 2012 tranche, this includes 14 thousand shares issued to persons who have since left the Group. Consequently, issued capital was reduced by the notional value of the shares purchased. The average purchase price per share was €17.94. The issued capital increased again when the shares were issued to the executives.

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.

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

Authorised/contingent capital at 31 December 2013

| | Amount €m | Purpose |
|-------------------------|--------------|---|
| Authorised Capital 2009 | – | Increase in share capital against cash/non-cash contributions (until 20 April 2014) |
| Authorised Capital 2013 | 240 | Increase in share capital against cash/non-cash contributions (until 28 May 2018) |
| Contingent Capital 2011 | 75 | Issue of options/conversion rights (24 May 2016) |
| Contingent Capital 2013 | 75 | Issue of options/conversion rights (28 May 2018) |

Authorised Capital 2009

As resolved by the Annual General Meeting on 21 April 2009, the Board of Management was authorised, subject to the consent of the Supervisory Board, to issue up to 240 million new, no-par value registered shares until 20 April 2014 in exchange for cash and/or non-cash contributions and thereby increase the company's share capital. Shareholders generally have subscription rights. To date, the Board of Management has not made use of such authorisation. Since this authorisation lapses on 20 April 2014, the Annual General Meeting on 29 May 2013 resolved to replace it with a new authorisation for the same amount (Authorised Capital 2013).

Authorised Capital 2013

As resolved by the Annual General Meeting on 29 May 2013, the Board of Management is authorised, subject to the consent of the Supervisory Board, to issue up to 240 million new, no-par value registered shares until 28 April 2018 in exchange for cash and/or non-cash contributions and thereby increase the company's share capital. Shareholders generally have subscription rights. However, subject to the approval of the Supervisory Board, the Board of Management may disapply the shareholders' subscription rights to the shares covered by the authorisation.

Contingent Capital 2011

In its resolution dated 25 May 2011, the Annual General Meeting authorised the Board of Management, subject to the consent of the Supervisory Board, to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €1 billion, on one or more occasions until 24 May 2016, thereby granting options or conversion rights for up to 75 million shares with a proportionate interest in the share capital not to exceed €75 million.

Based on this authorisation, Deutsche Post AG issued a €1 billion convertible bond on 6 December 2012, allowing holders to convert the bond into up to 48 million Deutsche Post AG shares. Full use was made of the authorisation by issuing the bond. The share capital is increased on a contingent basis by up to €75 million.

Contingent Capital 2013

In its resolution dated 29 May 2013, the Annual General Meeting authorised the Board of Management, subject to the consent of the Supervisory Board, to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €1.5 billion, on one or more occasions until 28 May 2018, thereby granting options or conversion rights for up to 75 million shares with a proportionate interest in the share capital not to exceed €75 million. The share capital is increased on a contingent basis by up to €75 million.

38.3 Authorisation to acquire treasury shares

By way of a resolution adopted by the Annual General Meeting on 28 April 2010, the company is authorised to acquire treasury shares in the period to 27 April 2015 of up to 10% of the share capital existing when the resolution was adopted. The authorisation permits the Board of Management to exercise it for every purpose permitted by law, and in particular to pursue the goals mentioned in the resolution by the Annual General Meeting.

At the Annual General Meeting on 9 May 2012, the authorisation to acquire treasury shares was supplemented. In future, treasury shares acquired on the basis of the authorisation, with shareholders' subscription rights disappplied, may also be used for the purposes of listing on a stock exchange outside Germany.

In addition, the Board of Management is authorised to acquire treasury shares using derivatives.

As on 31 December 2012, Deutsche Post AG did not hold any treasury shares on 31 December 2013.

38.4 Disclosures on corporate capital

The equity ratio was 28.3% in financial year 2013 (previous year, adjusted: 27.3%). The company's capital is monitored using the net gearing ratio which is defined as net debt divided by the total of equity and net debt.

Corporate capital

| €m | 2012 | 2013 |
|---|---------------|---------------|
| Total financial liabilities | 4,776 | 5,881 |
| Less cash and cash equivalents | -2,400 | -3,417 |
| Less current financial assets | -252 | -821 |
| Less long-term deposits | -57 | -55 |
| Less non-current derivative financial instruments | -115 | -107 |
| Net debt | 1,952 | 1,481 |
| Plus total equity | 9,228 | 10,048 |
| Total capital | 11,180 | 11,529 |
| Net gearing ratio (%) | 17.5 | 12.8 |

39 Capital reserves

| €m | 2012 | 2013 |
|--|--------------|--------------|
| Capital reserves at 1 January | 2,170 | 2,254 |
| Share Matching Scheme | | |
| Addition/issue of rights under Share Matching Scheme | | |
| 2009 tranche | 2 | 1 |
| 2010 tranche | 4 | 3 |
| 2011 tranche | 18 | 4 |
| 2012 tranche | 10 | 17 |
| 2013 tranche | 0 | 10 |
| Exercise of rights under Share Matching Scheme | | |
| 2011 tranche | -24 | 0 |
| 2012 tranche | 0 | -20 |
| | 10 | 15 |
| Conversion right | 74 | 0 |
| Capital reserves at 31 December | 2,254 | 2,269 |

An amount of €35 million (31 December 2012: €34 million) was transferred to the capital reserves in the period up to 31 December 2013 for the various tranches of the Share Matching Scheme.

The exercise of the rights to shares under the 2012 tranche reduced the capital reserves by €20 million (previous year: €24 million for the 2011 tranche) due to the issuance of treasury shares in this amount to the executives.

On issue of the convertible bond on Deutsche Post AG shares, the conversion right was recognised in capital reserves; [Note 46](#).

40 Other reserves

| €m | 1 Jan. 2012 ¹ | 2012 ¹ | 2013 |
|------------------------------|--------------------------|-------------------|-------------|
| IFRS 3 revaluation reserve | 5 | 3 | 2 |
| IAS 39 revaluation reserve | 90 | -1 | 68 |
| IAS 39 hedging reserve | -34 | -7 | 37 |
| Currency translation reserve | -517 | -470 | -926 |
| Other reserves | -456 | -475 | -819 |

¹ Prior-year amounts adjusted [Note 4](#).

40.1 IFRS 3 revaluation reserve

| €m | 2012 | 2013 |
|--|----------|----------|
| At 1 January | 5 | 3 |
| Changes recognised in other comprehensive income | -2 | -1 |
| IFRS 3 revaluation reserve at 31 December | 3 | 2 |

The IFRS 3 revaluation reserve includes the hidden reserves of DHL Logistics Co. Ltd., China, from purchase price allocation. These are attributable to the customer relationships contained in the 50% interest held previously and to adjustments to deferred taxes.

40.2 IAS 39 revaluation reserve

The revaluation reserve comprises gains and losses from changes in the fair value of available-for-sale financial assets that have been recognised in other comprehensive income. This reserve is reversed to profit or loss either when the assets are sold or otherwise disposed of, or if their value is significantly or permanently impaired.

| €m | 2012 | 2013 |
|---|-----------|-----------|
| At 1 January | 93 | 0 |
| Currency translation differences | 0 | 1 |
| Unrealised gains/losses | -12 | 76 |
| Share of associates | -81 | 0 |
| Realised gains/losses | 0 | 0 |
| IAS 39 revaluation reserve at 31 December before tax | 0 | 77 |
| Deferred taxes | -1 | -9 |
| IAS 39 revaluation reserve at 31 December after tax | -1 | 68 |

40.3 IAS 39 hedging reserve

The hedging reserve is adjusted by the effective portion of a cash flow hedge. The hedging reserve is reversed to profit or loss when the hedged item is settled.

| €m | 2012 | 2013 |
|---|-----------|-----------|
| At 1 January | -39 | -3 |
| Additions | -29 | 111 |
| Disposals in balance sheet (basis adjustment) | 6 | 0 |
| Disposals in income statement | 59 | -49 |
| IAS 39 hedging reserve at 31 December before tax | -3 | 59 |
| Deferred taxes | -4 | -22 |
| IAS 39 hedging reserve at 31 December after tax | -7 | 37 |

The change in the hedging reserve is mainly the result of the recognition of previously unrealised gains and losses from hedging future operating currency transactions. In the financial year, unrealised losses totalling €25 million and unrealised gains totalling €75 million from the hedging reserve were recognised in operating profit (previous year: unrealised losses of €60 million and unrealised gains of €1 million). There were no disposals in net finance costs in financial year 2013, as in the previous year, and no adjusting entries (basis adjustments) for hedging transactions related to the acquisition of non-current non-financial assets (previous year: €6 million). Deferred taxes have been recognised in respect of the hedging reserve.

40.4 Currency translation reserve

The currency translation reserve includes the translation gains and losses from the consolidation of the subsidiaries reporting in foreign currency.

| €m | 2012 ¹ | 2013 |
|---|-------------------|-------------|
| At 1 January | -517 | -470 |
| Transactions with non-controlling interests | -2 | -5 |
| Comprehensive income | | |
| Changes from unrealised gains and losses ¹ | 2 | -453 |
| Changes from realised gains and losses ¹ | 47 | 2 |
| Currency translation reserve at 31 December | -470 | -926 |

¹ Prior-year amounts adjusted [Note 4](#).

41 Retained earnings

As well as the undistributed consolidated profits generated in prior periods, retained earnings also contain the effects from transactions with non-controlling interests. Changes in the reserves during the financial year are also presented in the statement of changes in equity.

| €m | 2012 ¹ | 2013 |
|--|-------------------|--------------|
| At 1 January | 6,366 | 6,031 |
| Dividend payment | -846 | -846 |
| Consolidated net profit for the period | 1,640 | 2,091 |
| Transactions with non-controlling interests | 61 | -61 |
| Change due to remeasurements of net pension provisions | -1,190 | -15 |
| Miscellaneous other changes | 0 | -2 |
| Retained earnings at 31 December | 6,031 | 7,198 |

¹ Prior-year amounts adjusted [Note 4](#).

For information on the change due to remeasurements of net pension provisions, see [Note 4](#).

The dividend payment to Deutsche Post AG shareholders of €846 million was made in May 2013. This corresponds to a dividend of €0.70 per share.

The transactions with non-controlling interests reported in the current financial year include an option to acquire the remaining 40% interest in Giorgio Gori Group, Italy, and the acquisition of the remaining 49.9% interest in Tradeteam Limited, UK.

In the previous year, these transactions comprised the sale of 6.03% of the shares in Blue Dart Express Limited, India, in which the previous interest was 81.03%, and the acquisition of the remaining 24% interest in DHL Logistics Private Limited, India.

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

42 Equity attributable to Deutsche Post AG shareholders

The equity attributable to Deutsche Post AG shareholders in financial year 2013 amounted to €9,857 million (1 January 2012, adjusted: €9,289 million; 31 December 2012, adjusted: €9,019 million).

Dividends

Dividends paid to the shareholders of Deutsche Post AG are based on the net retained profit of €1,726 million reported in Deutsche Post AG's annual financial statements in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code). The amount of €759 million remaining after deduction of the planned total dividend of €967 million (which corresponds to €0.80 per share) will be carried forward; see also [Note 59](#).

| | Total dividend €m | Dividend per share € |
|---|----------------------|----------------------------|
| Dividend distributed in financial year 2013 for the year 2012 | 846 | 0.70 |
| Dividend distributed in financial year 2012 for the year 2011 | 846 | 0.70 |

The dividend is tax-exempt for shareholders resident in Germany. No capital gains tax (investment income tax) will be withheld on the distribution.

43 Non-controlling interests

| €m | 1 Jan. 2012 ¹ | 2012 | 2013 |
|--|--------------------------|------|------|
| Non-controlling interests ¹ | 189 | 209 | 191 |

¹ Prior-year amount adjusted ■ Note 4.

This balance sheet item includes adjustments for the interests of non-Group shareholders in the consolidated equity from acquisition accounting, as well as their interests in profit or loss. The interests relate primarily to the following companies:

| €m | 2012 ¹ | 2013 |
|---|-------------------|------------|
| DHL Sinotrans International Air Courier Ltd., China | 107 | 115 |
| Blue Dart Express Limited, India | 29 | 23 |
| Tradeteam Limited, UK | 13 | 0 |
| Other companies | 60 | 53 |
| Non-controlling interests | 209 | 191 |

¹ Prior-year amounts adjusted ■ Note 4.

The remaining interest in Tradeteam Limited, UK, was acquired in financial year 2013.

The portion of other comprehensive income attributable to non-controlling interests largely relates to the currency translation reserve. The changes are shown in the following table:

| €m | 2012 | 2013 |
|--|-----------|------------|
| Balance at 1 January | -5 | -5 |
| Transactions with non-controlling interests | 2 | 5 |
| Comprehensive income | | |
| Changes from unrealised gains and losses | -2 | -11 |
| Changes from realised gains and losses | 0 | 0 |
| Currency translation reserve at 31 December | -5 | -11 |

44 Provisions for pensions and similar obligations

| €m | 1 Jan. 2012 ¹ | 2012 ¹ | 2013 |
|---|--------------------------|-------------------|-------|
| Provisions for pensions and similar obligations | 6,055 | 5,216 | 5,017 |

¹ Prior-year amount adjusted ■ Note 4.

The Group's most important defined benefit retirement plans are in Germany and the UK.

In Germany, Deutsche Post AG has an occupational retirement plan dating back to 1997 based on a collective agreement, which is open to new hourly workers and salaried employees. The plan is based on fixed benefit amounts and provides for monthly payments as from the statutory retirement age, depending on length of service and the wage/salary level achieved.

Annual increases in the fixed amounts during the service period and in the pension payments are linked to agreed percentages, i.e., 1.45% for hourly workers and salaried employees actively employed and 1.00% for retirees. The plan also provides for invalidity benefits and surviving dependents' benefits. Negative past service cost was recognised in the reporting year due to an internal change in the conditions for access to certain invalidity benefits. Retirement plans with a similar structure are available to executives below the management board level and to specific employee groups who can make use of deferred compensation.

The large majority of Deutsche Post AG's obligations relates to the vested entitlements of hourly workers and salaried employees on the transition date in 1997 and to legacy pension commitments towards former hourly workers and salaried employees who had left or retired from the company by the transition date. The amounts individually determined for the vested entitlements of the salaried employees and wage earners actively employed is subject to an annual rate of increase of 1.45%. These retirement plans are based on the *Betriebsrentengesetz* (BetrAVG – German Occupational Pension Act), in addition to collective agreements and other plan documents. The prime source of external funding is a captive trust that also services a support fund and a pension fund. The trust is funded on a case-by-case basis in line with the Group's finance strategy and, in the case of the support fund, on an ongoing basis in line with tax law options. In the case of the pension fund the supervisory funding requirements are, in principle, met without additional employer contributions. The support fund's governing bodies include both Deutsche Post AG employees and former employees. Part of the plan assets is invested in real estate that is leased out to the Group on a long-term basis. In addition, some of the legacy pension commitments use *Versorgungsanstalt der Deutschen Bundespost* (VAP), a joint pension fund operated by the Deutsche Bundespost successor companies.

Individual subsidiaries in Germany have retirement plans that were acquired in the context of acquisitions and transfers of operations and that are closed to new entrants.

In the UK, the Group's defined benefit plans have largely been closed to new entrants for a number of years. In addition, Deutsche Post DHL committed itself to a change in its pension strategy in the UK on 26 November 2013. The plans will also largely be closed for further service accrual as of 1 April 2014. As a result, negative past service cost was recognised in financial year 2013 as shown in the tables below (before closure costs and transitional payments). With effect from 1 April 2014, the employees affected will be able to participate in a defined contribution plan. The majority of the (defined benefit) plans have been consolidated into a single plan with different sections for the participating divisions. These are largely funded via a master trust. The amount of the employer contributions must be negotiated with the trustee in the course of funding valuations. The trustee's directors are Group employees, former employees and non-Group third parties, all of whom are required to be independent. At present, eligible employees make their own contributions to retirement plan funding or waive a portion of their salary. These (defined benefit) plans are based primarily on the corresponding trust agreements and the UK Pensions Act.

A wide variety of other defined benefit plans in the Group are to be found in the Netherlands, Switzerland, the USA and a large number of other countries.

In the Netherlands, collective agreements require that those employees who are not covered by a sector-specific plan participate in a dedicated defined benefit plan. This final salary scheme provides for monthly pension payments that increase in line with the agreed salary increases on the one hand and the funds available for such increases on the other.

In Switzerland, employees receive an occupational pension in line with statutory requirements, depending on the contributions paid, an interest rate that is fixed each year, certain annuity factors and any pension increases specified.

In the USA, the companies' defined benefit plans have been closed to new entrants and accrued entitlements have been frozen.

The Group companies in these three countries primarily use joint funding institutions within the Group. In the Netherlands and in Switzerland, both employers and employees contribute to plan funding. In the USA no contributions are currently made to the companies' defined benefit plans. There were no material amendments, curtailments or settlements affecting the Group's defined benefit plans in the Other area.

Various risks arise in the context of defined benefit plans. Of these risks, the interest rate risk and investment risk in particular are still deemed to be significant.

The information below on pension obligations is broken down into the following areas: Germany, UK and Other.

44.1 Calculation of the balance sheet items

The balance sheet items were arrived at as follows:

| €m | Germany | UK | Other | Total |
|--|--------------|------------|------------|--------------|
| 31 December 2013 | | | | |
| Present value of defined benefit obligations at 31 December | 8,439 | 4,395 | 1,963 | 14,797 |
| Fair value of plan assets at 31 December | -4,119 | -4,034 | -1,752 | -9,905 |
| Surplus (-)/deficit (+) at 31 December | 4,320 | 361 | 211 | 4,892 |
| Effect of asset ceilings at 31 December | 0 | 1 | 4 | 5 |
| Net pension provisions at 31 December | 4,320 | 362 | 215 | 4,897 |
| Reported separately | | | | |
| Pension assets at 31 December | 0 | 18 | 102 | 120 |
| Provisions for pensions and similar obligations at 31 December | 4,320 | 380 | 317 | 5,017 |
| 31 December 2012 | | | | |
| Present value of defined benefit obligations at 31 December | 8,608 | 4,116 | 2,051 | 14,775 |
| Fair value of plan assets at 31 December | -4,129 | -3,936 | -1,693 | -9,758 |
| Surplus (-)/deficit (+) at 31 December | 4,479 | 180 | 358 | 5,017 |
| Effect of asset ceilings at 31 December | 0 | 1 | 0 | 1 |
| Net pension provisions at 31 December | 4,479 | 181 | 358 | 5,018 |
| Reported separately | | | | |
| Pension assets at 31 December | 0 | 120 | 78 | 198 |
| Provisions for pensions and similar obligations at 31 December | 4,479 | 301 | 436 | 5,216 |

In the Other area, the Netherlands, Switzerland and the USA account for a share in the present value of the defined benefit obligations of 42%, 24% and 11%, respectively (31 December 2012: 40%, 24% and 13%).

Additionally, rights to reimbursement from former Group companies existed in the Group in Germany in the amount of around €14 million (largely unchanged year-on-year) which are reported separately. Consequently, benefit payments are being made directly by the former Group companies.

44.2 Present value of defined benefit obligations

The present value of defined benefit obligations changed as follows:

| € m | Germany | uk | Other | Total |
|---|--------------|--------------|--------------|---------------|
| 2013 | | | | |
| Present value of defined benefit obligations at 1 January | 8,608 | 4,116 | 2,051 | 14,775 |
| Current service cost, excluding employee contributions | 111 | 34 | 41 | 186 |
| Interest cost on defined benefit obligations | 314 | 176 | 66 | 556 |
| Actuarial gains (-)/losses (+) – changes in demographic assumptions | -33 | 237 | 5 | 209 |
| Actuarial gains (-)/losses (+) – changes in financial assumptions | -68 | 156 | -103 | -15 |
| Actuarial gains (-)/losses (+) – experience adjustments | 25 | 0 | 3 | 28 |
| Past service cost | -58 | -75 | -3 | -136 |
| Settlement gains (-)/losses (+) | 0 | 0 | 0 | 0 |
| Employee contributions | 10 | 11 | 15 | 36 |
| Benefit payments | -471 | -173 | -77 | -721 |
| Settlement payments | 0 | 0 | -2 | -2 |
| Transfers | 4 | 0 | 1 | 5 |
| Acquisitions/divestitures | -3 | 0 | -1 | -4 |
| Currency translation effects | 0 | -87 | -33 | -120 |
| Present value of defined benefit obligations at 31 December | 8,439 | 4,395 | 1,963 | 14,797 |
| 2012 | | | | |
| Present value of defined benefit obligations at 1 January | 7,474 | 3,951 | 1,835 | 13,260 |
| Current service cost, excluding employee contributions | 88 | 32 | 36 | 156 |
| Interest cost on defined benefit obligations | 357 | 191 | 74 | 622 |
| Actuarial gains (-)/losses (+) – changes in demographic assumptions | 0 | -11 | 23 | 12 |
| Actuarial gains (-)/losses (+) – changes in financial assumptions | 1,106 | 173 | 170 | 1,449 |
| Actuarial gains (-)/losses (+) – experience adjustments | 51 | -150 | -25 | -124 |
| Past service cost | 0 | 0 | 1 | 1 |
| Settlement gains (-)/losses (+) | 0 | 0 | 0 | 0 |
| Employee contributions | 9 | 13 | 15 | 37 |
| Benefit payments | -480 | -179 | -80 | -739 |
| Settlement payments | 0 | 0 | 0 | 0 |
| Transfers | 1 | 0 | 3 | 4 |
| Acquisitions/divestitures | 2 | 0 | 0 | 2 |
| Currency translation effects | 0 | 96 | -1 | 95 |
| Present value of defined benefit obligations at 31 December | 8,608 | 4,116 | 2,051 | 14,775 |

The key financial assumptions are as follows:

| % | Germany | uk | Other | Total |
|---|---------|------|-------|-------|
| 31 December 2013 | | | | |
| Discount rate | 3.75 | 4.50 | 3.48 | 3.94 |
| Expected rate of future salary increase p.a. | 2.50 | 4.50 | 2.12 | 3.06 |
| Expected rate of future pension increase p.a. | 2.00 | 2.96 | 1.06 | 2.20 |
| 31 December 2012 | | | | |
| Discount rate | 3.70 | 4.50 | 3.19 | 3.85 |
| Expected rate of future salary increase p.a. | 2.50 | 3.50 | 2.35 | 2.77 |
| Expected rate of future pension increase p.a. | 2.00 | 2.80 | 1.07 | 2.14 |

The discount rates for defined benefit obligations in the euro zone and the UK were each derived from a yield curve comprising the yields of AA rated corporate bonds. Country-specific factors were taken into account. For other countries, the discount rate was determined in a similar way, provided there was a deep market for AA or AAA-rated corporate bonds. By contrast, government bond yields were used for countries without a deep market for such corporate bonds.

For the annual pension increases in Germany, agreed rates in particular must be taken into account in addition to the assumptions shown. The effective weighted average therefore amounts to 1.00% (2012: 1.00%).

The key demographic assumptions made relate to life expectancy and mortality. For the German Group companies, they were calculated using the Richttafeln 2005 G mortality tables published by Klaus Heubeck. Life expectancy for the British retirement plans was based on the mortality rates used for the last funding valuation. These are based on plan-specific mortality analyses and include an allowance for an expected increase in future life expectancy. Other countries used their own, current standard mortality tables.

If one of the key financial assumptions were to change, the present value of the defined benefit obligations would change as follows:

| % | Change in assumption | Change in present value of defined benefit obligations | | | Total |
|--|----------------------|--|-----------------|-----------------|-----------------|
| | | Germany | UK | Other | |
| 31 December 2013 | | | | | |
| Discount rate | +1.00 -1.00 | -12.31 15.63 | -16.14 19.58 | -13.41 17.20 | -13.59 17.01 |
| Expected rate of future salary increase | +0.50 -0.50 | 0.17 -0.15 | 1.06 -1.21 | 1.44 -1.30 | 0.60 -0.62 |
| Expected rate of future pension increase | +0.50 -0.50 | 0.30 -0.27 | 4.09 -4.08 | 5.81 -4.14 | 2.15 -1.91 |

These are effective weighted changes in the present value of the various defined benefit obligations, e.g., taking into account the largely fixed nature of pension increases for Germany.

A one-year increase in life expectancy for a 65-year-old beneficiary would increase the present value of the defined benefit obligations by 4.63% in Germany and by 3.53% in the UK. The corresponding increase for other countries would be 2.40%, for a total increase of 4.01%.

When determining the sensitivity disclosures, the present values were calculated using the same methodology used to calculate the present values at the reporting date. The presentation does not take into account interdependencies between the assumptions; rather, it supposes that the assumptions change in isolation. This would be unusual in practice, since assumptions are often correlated.

The weighted average duration of the Group's defined benefit obligations at 31 December 2013 was 14.3 years in Germany (previous year: 14.1 years) and 18.5 years in the UK (previous year: 17.5 years). In the other countries it was 15.5 years (previous year: 16.2 years), and in total it was 15.7 years (previous year: 15.3 years).

A total of 27.6% (previous year: 27.2%) of the present value of the defined benefit obligations was attributable to future beneficiaries still working for the company, 16.2% (previous year: 15.7%) to future beneficiaries no longer with the company and 56.2% (previous year: 57.1%) to pensioners.

44.3 Fair value of plan assets

The fair value of the plan assets changed as follows:

| €m | Germany | uk | Other | Total |
|--|--------------|--------------|--------------|--------------|
| 2013 | | | | |
| Fair value of plan assets at 1 January | 4,129 | 3,936 | 1,693 | 9,758 |
| Interest income on plan assets | 153 | 168 | 54 | 375 |
| Return on plan assets excluding interest income | 30 | 96 | 50 | 176 |
| Other administration costs in accordance with IAS 19.130 | 0 | -6 | -3 | -9 |
| Employer contributions | 143 | 83 | 37 | 263 |
| Employee contributions | 0 | 11 | 15 | 26 |
| Benefit payments | -337 | -173 | -66 | -576 |
| Settlement payments | 0 | 0 | -2 | -2 |
| Transfers | 1 | 0 | 0 | 1 |
| Acquisitions/divestitures | 0 | 0 | 0 | 0 |
| Currency translation effects | 0 | -81 | -26 | -107 |
| Fair value of plan assets at 31 December | 4,119 | 4,034 | 1,752 | 9,905 |
| 2012 | | | | |
| Fair value of plan assets at 1 January | 2,106 | 3,714 | 1,549 | 7,369 |
| Interest income on plan assets | 101 | 180 | 63 | 344 |
| Return on plan assets excluding interest income | 9 | 29 | 99 | 137 |
| Other administration costs in accordance with IAS 19.130 | -9 | -5 | -3 | -17 |
| Employer contributions | 2,122 | 93 | 43 | 2,258 |
| Employee contributions | 0 | 13 | 15 | 28 |
| Benefit payments | -196 | -178 | -71 | -445 |
| Settlement payments | 0 | 0 | 0 | 0 |
| Transfers | -4 | 0 | 3 | -1 |
| Acquisitions/divestitures | 0 | 0 | 0 | 0 |
| Currency translation effects | 0 | 90 | -5 | 85 |
| Fair value of plan assets at 31 December | 4,129 | 3,936 | 1,693 | 9,758 |

The fair value of the plan assets can be broken down as follows:

| €m | Germany | uk | Other | Total |
|----------------------------------|--------------|--------------|--------------|--------------|
| 31 December 2013 | | | | |
| Equities | 622 | 872 | 632 | 2,126 |
| Fixed income securities | 1,227 | 2,488 | 658 | 4,373 |
| Real estate | 1,030 | 150 | 193 | 1,373 |
| Alternatives | 314 | 469 | 53 | 836 |
| Insurances | 582 | 0 | 92 | 674 |
| Cash | 205 | 14 | 33 | 252 |
| Other | 139 | 41 | 91 | 271 |
| Fair value of plan assets | 4,119 | 4,034 | 1,752 | 9,905 |
| 31 December 2012 | | | | |
| Equities | 162 | 828 | 614 | 1,604 |
| Fixed income securities | 368 | 2,395 | 642 | 3,405 |
| Real estate | 1,010 | 48 | 200 | 1,258 |
| Alternatives | 53 | 632 | 47 | 732 |
| Insurances | 187 | 0 | 95 | 282 |
| Cash | 2,347 | 19 | 30 | 2,396 |
| Other | 2 | 14 | 65 | 81 |
| Fair value of plan assets | 4,129 | 3,936 | 1,693 | 9,758 |

Quoted prices in an active market exist for around 80% (previous year: 85%) of the total fair values of plan assets. Most of the remaining assets for which no such quoted market prices exist are attributable as follows: 12% (previous year: 11%) to real estate, 6% (previous year: 3%) to insurances, 1% (previous year: 1%) to alternatives and 1% (previous year: 0%) to other. The majority of the investments on the active markets are globally diversified, with country-specific focus areas.

Real estate with a fair value of €1,016 million (previous year: €995 million) is used by Deutsche Post AG itself. Otherwise, as in the previous year, no plan assets were used by the Group and no transferable own financial instruments were held as plan assets.

Asset-liability studies are performed at regular intervals in Germany, the UK and, among other places, the Netherlands, Switzerland and the USA to examine the match between assets and liabilities; the strategic allocation of plan assets is adjusted in line with this.

44.4 Effect of asset ceilings

In the UK and Switzerland, the plan rules for one retirement plan in each case required a surplus to be capped to a certain extent to reach the level of the present value of the benefits (asset ceiling). Apart from this, asset ceilings had no effect as at 31 December 2013, as in the previous year. See [Table 44.1](#) for amounts and changes compared with the previous year.

44.5 Net pension provisions

Net pension provisions changed as follows:

| €m | Germany | UK | Other | Total |
|--|--------------|------------|------------|--------------|
| 2013 | | | | |
| Net pension provisions at 1 January | 4,479 | 181 | 358 | 5,018 |
| Service cost ¹ | 53 | -35 | 41 | 59 |
| Net interest cost | 161 | 8 | 12 | 181 |
| Remeasurements | -106 | 297 | -141 | 50 |
| Employer contributions | -143 | -83 | -37 | -263 |
| Employee contributions | 10 | 0 | 0 | 10 |
| Benefit payments | -134 | 0 | -11 | -145 |
| Settlement payments | 0 | 0 | 0 | 0 |
| Transfers | 3 | 0 | 1 | 4 |
| Acquisitions/divestitures | -3 | 0 | -1 | -4 |
| Currency translation effects | 0 | -6 | -7 | -13 |
| Net pension provisions at 31 December | 4,320 | 362 | 215 | 4,897 |
| 2012 | | | | |
| Net pension provisions at 1 January | 5,368 | 238 | 287 | 5,893 |
| Service cost ¹ | 97 | 37 | 40 | 174 |
| Net interest cost | 256 | 11 | 11 | 278 |
| Remeasurements | 1,148 | -17 | 68 | 1,199 |
| Employer contributions | -2,122 | -93 | -43 | -2,258 |
| Employee contributions | 9 | 0 | 0 | 9 |
| Benefit payments | -284 | -1 | -9 | -294 |
| Settlement payments | 0 | 0 | 0 | 0 |
| Transfers | 5 | 0 | 0 | 5 |
| Acquisitions/divestitures | 2 | 0 | 0 | 2 |
| Currency translation effects | 0 | 6 | 4 | 10 |
| Net pension provisions at 31 December | 4,479 | 181 | 358 | 5,018 |

¹ Including other administration costs in accordance with IAS 19.130 from plan assets.

Payments amounting to €422 million are expected with regard to net pension provisions in 2014. Of this amount, €206 million is attributable to the Group's expected direct benefit payments and €216 million to expected employer contributions to pension funds.

44.6 Components of defined benefit cost

The components of defined benefit cost are as follows:

| €m | Germany | UK | Other | Total |
|--|--------------|------------|------------|--------------|
| 2013 | | | | |
| Current service cost, excluding employee contributions | 111 | 34 | 41 | 186 |
| Past service cost | -58 | -75 | -3 | -136 |
| Settlement gains (-)/losses (+) | 0 | 0 | 0 | 0 |
| Other administration costs in accordance with IAS 19.130 | 0 | 6 | 3 | 9 |
| Service cost¹ | 53 | -35 | 41 | 59 |
| Interest cost on defined benefit obligations | 314 | 176 | 66 | 556 |
| Interest income on plan assets | -153 | -168 | -54 | -375 |
| Interest on the effect of asset ceilings | 0 | 0 | 0 | 0 |
| Net interest cost | 161 | 8 | 12 | 181 |
| Actuarial gains (-)/losses (+) – total | -76 | 393 | -95 | 222 |
| Return on plan assets excluding interest income | -30 | -96 | -50 | -176 |
| Change in effect of asset ceilings excluding interest | 0 | 0 | 4 | 4 |
| Remeasurements | -106 | 297 | -141 | 50 |
| Cost of defined benefit plans | 108 | 270 | -88 | 290 |
| 2012 | | | | |
| Current service cost, excluding employee contributions | 88 | 32 | 36 | 156 |
| Past service cost | 0 | 0 | 1 | 1 |
| Settlement gains (-)/losses (+) | 0 | 0 | 0 | 0 |
| Other administration costs in accordance with IAS 19.130 | 9 | 5 | 3 | 17 |
| Service cost¹ | 97 | 37 | 40 | 174 |
| Interest cost on defined benefit obligations | 357 | 191 | 74 | 622 |
| Interest income on plan assets | -101 | -180 | -63 | -344 |
| Interest on the effect of asset ceilings | 0 | 0 | 0 | 0 |
| Net interest cost | 256 | 11 | 11 | 278 |
| Actuarial gains (-)/losses (+) – total | 1,157 | 12 | 168 | 1,337 |
| Return on plan assets excluding interest income | -9 | -29 | -99 | -137 |
| Change in effect of asset ceilings excluding interest | 0 | 0 | -1 | -1 |
| Remeasurements | 1,148 | -17 | 68 | 1,199 |
| Cost of defined benefit plans | 1,501 | 31 | 119 | 1,651 |

¹ Including other administration costs in accordance with IAS 19.130 from plan assets.

€59 million of the cost of defined benefit plans (previous year: €174 million) related to staff costs, €181 million (previous year: €278 million) to net other finance costs and €50 million (previous year: €1,199 million) to other comprehensive income.

44.7 Risk

A number of risks that are material to the company and the plans exist in relation to the defined benefit plans. Opportunities for risk mitigation are used in line with the specifics of the plans concerned.

INTEREST RATE RISK

A decrease (increase) in the discount rate would lead to an increase (decrease) in the present value of the total obligation and would in principle be accompanied by an increase (decrease) in the fair value of the fixed income securities contained in the plan assets. Other hedges are made, in some cases using derivatives.

INFLATION RISK

Pension obligations – especially final salary schemes or schemes involving increases during the pension payment phase – can be linked directly or indirectly to inflation. This risk to the present value of the defined benefit obligations has been mitigated in the case of Germany, for example, by switching to a plan involving fixed benefit amounts. In the case of the UK, the risk has been mitigated by largely closing defined benefit plans, setting a fixed rate of increase, capping increases or providing for lump sum payments. Additionally, there is a positive correlation with interest.

INVESTMENT RISK


The investment is in principle subject to a large number of risks; in particular, it is exposed to the risk that market prices may change. This is managed primarily by ensuring broad diversification and using risk overlays.

LONGEVITY RISK


Longevity risk may arise in connection with the benefits payable in the future due to a future increase in life expectancy. This is mitigated in particular by using current standard mortality tables when calculating the present value of the defined benefit obligations. The mortality tables used in Germany and the UK, for example, include an allowance for expected future increases in life expectancy.

45 Other provisions

| €m | 1 Jan. 2012 | 2012 | 2013 |
|---|--------------|--------------|--------------|
| Other non-current provisions ¹ | 2,117 | 1,943 | 1,574 |
| Other current provisions | 2,134 | 1,663 | 1,745 |
| Other provisions¹ | 4,251 | 3,606 | 3,319 |


¹ Prior-year amount adjusted  Note 4.

| €m | Non-current | | Current | | Total | |
|--------------------------------------|-------------------|--------------|--------------|--------------|--------------|--------------|
| | 2012 ¹ | 2013 | 2012 | 2013 | 2012 | 2013 |
| Other employee benefits ¹ | 827 | 745 | 253 | 311 | 1,080 | 1,056 |
| Restructuring provisions | 383 | 109 | 298 | 425 | 681 | 534 |
| Technical reserves (insurance) | 397 | 402 | 194 | 203 | 591 | 605 |
| Postage stamps | 0 | 0 | 450 | 400 | 450 | 400 |
| Tax provisions | 0 | 0 | 127 | 116 | 127 | 116 |
| Miscellaneous provisions | 336 | 318 | 341 | 290 | 677 | 608 |
| | 1,943 | 1,574 | 1,663 | 1,745 | 3,606 | 3,319 |

¹ Prior-year amount adjusted  Note 4.

45.1 Changes in other provisions

| €m | Other employee benefits ¹ | Restructuring provisions | Technical reserves (insurance) | Postage stamps | Tax provisions | Miscellaneous provisions | Total |
|--|--------------------------------------|--------------------------|--------------------------------|----------------|----------------|--------------------------|--------------|
| At 1 January 2013 | 1,080 | 681 | 591 | 450 | 127 | 677 | 3,606 |
| Changes in consolidated group | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Utilisation | -583 | -146 | -51 | -450 | -66 | -217 | -1,513 |
| Currency translation differences | -17 | -20 | -5 | 0 | -6 | -18 | -66 |
| Reversal | -29 | -79 | -20 | 0 | -25 | -97 | -250 |
| Unwinding of discount/changes in discount rate | 1 | 0 | 1 | 0 | 0 | 4 | 6 |
| Reclassification | 13 | -17 | -6 | 0 | 0 | 5 | -5 |
| Additions | 591 | 115 | 95 | 400 | 85 | 254 | 1,540 |
| At 31 December 2013 | 1,056 | 534 | 605 | 400 | 116 | 608 | 3,319 |

¹ Prior-year amounts adjusted  Note 4.

The provision for other employee benefits primarily covers workforce reduction expenses (severance payments, transitional benefits, partial retirement, etc.), stock appreciation rights (SARs) and jubilee payments.

The restructuring provisions comprise all expenses resulting from the restructuring measures within the US express business as well as in other areas of the Group. These measures relate primarily to settlement payment obligations assumed in the USA, rentals for idle plant, termination benefits for employees (partial retirement programmes, transitional benefits) and expenses from the closure of terminals, for example.

Technical reserves (insurance) mainly consist of outstanding loss reserves and IBNR reserves; further details can be found in [Note 7](#).

The provision for postage stamps covers outstanding obligations to customers for letter and parcel deliveries from postage stamps sold but still unused by customers, and is based on studies by market research companies. It is measured at the nominal value of the stamps issued.

Of the tax provisions, €35 million (previous year: €28 million) relates to VAT, €5 million (previous year: €6 million) to customs and duties, and €76 million (previous year: €93 million) to other tax provisions.

45.2 Miscellaneous provisions

| €m | 2012 | 2013 |
|---------------------------------|------------|------------|
| Litigation costs | 115 | 97 |
| Risks from business activities | 104 | 91 |
| Aircraft maintenance | 43 | 51 |
| Miscellaneous other provisions | 415 | 369 |
| Miscellaneous provisions | 677 | 608 |

Miscellaneous other provisions include a large number of individual items.

45.3 Maturity structure

The maturity structure of the provisions recognised in financial year 2013 is as follows:

| €m | Less than 1 year | More than 1 year to 2 years | More than 2 years to 3 years | More than 3 years to 4 years | More than 4 years to 5 years | More than 5 years | Total |
|--------------------------------|------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------|--------------|
| | 2013 | | | | | | |
| Other employee benefits | 311 | 281 | 170 | 94 | 57 | 143 | 1,056 |
| Restructuring provisions | 425 | 20 | 8 | 8 | 10 | 63 | 534 |
| Technical reserves (insurance) | 203 | 163 | 84 | 52 | 36 | 67 | 605 |
| Postage stamps | 400 | 0 | 0 | 0 | 0 | 0 | 400 |
| Tax provisions | 116 | 0 | 0 | 0 | 0 | 0 | 116 |
| Miscellaneous provisions | 290 | 120 | 54 | 33 | 28 | 83 | 608 |
| | 1,745 | 584 | 316 | 187 | 131 | 356 | 3,319 |

46 Financial liabilities

| €m | Non-current | | Current | | Total | |
|--|--------------|--------------|------------|--------------|--------------|--------------|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Bonds | 4,109 | 4,164 | 0 | 924 | 4,109 | 5,088 |
| Due to banks | 2 | 1 | 135 | 198 | 137 | 199 |
| Finance lease liabilities | 123 | 194 | 26 | 19 | 149 | 213 |
| Liabilities to Group companies | 65 | 58 | 28 | 25 | 93 | 83 |
| Financial liabilities at fair value through profit or loss | 8 | 11 | 109 | 29 | 117 | 40 |
| Other financial liabilities | 106 | 184 | 105 | 133 | 211 | 317 |
| Financial liabilities | 4,413 | 4,612 | 403 | 1,328 | 4,816 | 5,940 |

46.1 Bonds

The following table contains further details on the company's most significant bonds. The bonds issued by Deutsche Post Finance B.V. are fully guaranteed by Deutsche Post AG.

Major bonds

| | Nominal coupon % | Issue volume | Issuer | 2012 | | 2013 | |
|---|---------------------|--------------|----------------------------|-----------------------|------------------|-----------------------|------------------|
| | | | | Carrying amount €m | Fair value €m | Carrying amount €m | Fair value €m |
| Bond 2003/2014 | 4.875 | €926 million | Deutsche Post Finance B.V. | 942 | 969 | 924 | 929 |
| Bond 2012/2017 | 1.875 | €750 million | Deutsche Post Finance B.V. | 744 | 775 | 745 | 767 |
| Bond 2012/2022 | 2.950 | €500 million | Deutsche Post Finance B.V. | 496 | 525 | 496 | 516 |
| Bond 2012/2020 | 1.875 | €300 million | Deutsche Post AG | 296 | 302 | 295 | 296 |
| Bond 2012/2024 | 2.875 | €700 million | Deutsche Post AG | 696 | 711 | 696 | 706 |
| Bond 2013/2018 | 1.5 | €500 million | Deutsche Post AG | 0 | 0 | 491 | 499 |
| Bond 2013/2023 | 2.75 | €500 million | Deutsche Post AG | 0 | 0 | 495 | 501 |
| Convertible bond 2012/2019 ¹ | 0.600 | €1 billion | Deutsche Post AG | 920 | 929 | 931 | 928 |

¹ This relates to the debt component of the convertible bond; the equity component is recognised in capital reserves. The fair value of the listed convertible bond was €1,353 million at the balance sheet date (previous year: €1,049 million).

Deutsche Post DHL placed two conventional bonds amounting to €1 billion with national and international investors. The issue date was 9 October 2013. The capital raised is to be used to repay a ten-year bond maturing in January 2014. The first issue in the amount of €500 million has a maturity of five years and an annual coupon of 1.5%. The second €500 million issue has a maturity of ten years and an annual coupon of 2.75%.

The €1 billion convertible bond issued on 6 December 2012 has a conversion right, which allows holders to convert the bond into a predetermined number of Deutsche Post AG shares if Deutsche Post AG's share price more than temporarily exceeds 130% of the conversion price applicable at that time. The conversion right may be exercised between 16 January 2013 and 21 November 2019. On issue, the conversion price was set at €20.74. In addition, Deutsche Post AG was granted a call option allowing it to repay the bond early at face value plus accrued interest if Deutsche Post AG's share price more than temporarily exceeds 130% of the conversion price applicable at that time. The option can be exercised between 6 December 2017 and 16 November 2019. For contractual reasons, the convertible bond was split into a debt component and an equity component. The equity instrument in the amount of €74 million is reported under capital reserves. The value of the debt component on the issue date calculated in accordance with IFRS 32.31 amounted to €920 million, including transaction costs and the call option granted. Transaction costs of €0.5 million and €5.8 million are included in the aforementioned amounts. In subsequent years, interest will be added to the carrying amount of the bond, up to the issue amount, using the effective interest method (unwinding of discount) and recognised in profit or loss.

46.2 Amounts due to banks

| €m | 2012 | 2013 |
|----|----------------------|------|
| | Amounts due to banks | 137 |

The liabilities mainly comprise current overdraft facilities due to various banks.

46.3 Finance lease liabilities

Finance lease liabilities mainly relate to the following items:

| | Leasing partner | Interest rate (%) | End of term | Asset | 2012 | 2013 |
|--|--|-------------------|-------------|-----------------------------|------|------|
| Deutsche Post Immobilien GmbH, Germany | Various leasing partners | 4.75 | 2023/2028 | Real estate | 0 | 114 |
| DHL Express (Austria) GmbH, Austria | Raiffeisen Impuls Immobilien GmbH | 3.62 | 2019 | Real estate | 11 | 11 |
| DHL Logistics GmbH, Germany | Fitia GmbH | 5.175 | 2016 | Real estate | 9 | 8 |
| Deutsche Post AG, Germany | T-Systems International GmbH | 6.5 | 2015 | IT equipment | 7 | 3 |
| Deutsche Post Immobilien GmbH, Germany | Lorac Investment Management Sarl | 6.0 | 2016 | Real estate | 6 | 4 |
| DHL Express (US) Inc., USA | Wachovia Financial Services; Wells Fargo | 6.74 | 2019/2022 | Sorting system software | 34 | 0 |
| SCM Supply Chain Management Inc., Canada | Bank of Nova Scotia | Variable | 2012/2013 | Warehouse, office equipment | 12 | 0 |

The change in finance lease liabilities is attributable to the early termination of a lease, as well as to leases entered into between Deutsche Post Immobilien GmbH and various contract partners for newly leased delivery bases in Germany.

The leased assets are recognised in property, plant and equipment at carrying amounts of €330 million (previous year: €280 million). The difference between the carrying amounts of the assets and the liabilities results from longer useful lives of the assets compared with a shorter repayment period for the lease instalments and unscheduled repayments of lease obligations. The notional amount of the minimum lease payments totals €255 million (previous year: €165 million).

Maturity structure

| €m | Present value (finance lease liabilities) | | Minimum lease payments (notional amount) | |
|-----------------------------|---|------------|--|------------|
| | 2012 | 2013 | 2012 | 2013 |
| Less than 1 year | 26 | 19 | 33 | 24 |
| More than 1 year to 5 years | 56 | 101 | 62 | 116 |
| More than 5 years | 67 | 93 | 70 | 115 |
| Total | 149 | 213 | 165 | 255 |

46.4 Financial liabilities at fair value through profit or loss

The amounts reported under this item relate to the negative fair values of derivative financial instruments.

| €m | 2012 | 2013 |
|--|------|------|
| Financial liabilities at fair value through profit or loss | 117 | 40 |

46.5 Other financial liabilities

| €m | 2012 | 2013 |
|---|------------|------------|
| Put option related to the acquisition of the remaining interest in Giorgio-Gori Group | 0 | 62 |
| Loan notes related to the acquisition of TAG Group | 57 | 55 |
| Loan notes related to the early termination of a finance lease | 0 | 18 |
| Miscellaneous financial liabilities | 154 | 182 |
| Other financial liabilities | 211 | 317 |

The other financial liabilities relate to a large number of individual items.

47 Other liabilities

| €m | Non-current | | Current | | Total | |
|-------------------|-------------|------|---------|-------|-------|-------|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Other liabilities | 276 | 227 | 4,004 | 3,981 | 4,280 | 4,208 |

47.1 Breakdown of other liabilities

| €m | 2012 | 2013 |
|---|-------|-------|
| Tax liabilities | 884 | 967 |
| Incentive bonuses | 577 | 560 |
| Wages, salaries, severance payments | 287 | 335 |
| Compensated absences | 375 | 298 |
| Deferred income, of which non-current: 61 (previous year: 71) | 351 | 295 |
| Payables to employees and members of executive bodies | 177 | 172 |
| Social security liabilities | 143 | 162 |
| Debtors with credit balances | 150 | 148 |
| Liabilities from the sale of residential building loans, of which non-current: 140 (previous year: 149) | 153 | 144 |
| Overtime claims | 110 | 105 |
| cod liabilities | 70 | 51 |
| Other compensated absences | 49 | 40 |
| Liabilities from cheques issued | 35 | 37 |
| Accrued rentals | 34 | 32 |
| Insurance liabilities | 36 | 26 |
| Accrued insurance premiums for damages and similar liabilities | 12 | 16 |
| Liabilities from loss compensation | 15 | 12 |
| Miscellaneous other liabilities, of which non-current: 26 (previous year: 56) | 822 | 808 |
| | 4,280 | 4,208 |

Of the tax liabilities, €544 million (previous year: €502 million) relates to VAT, €269 million (previous year: €227 million) to customs and duties, and €154 million (previous year: €155 million) to other tax liabilities.

The liabilities from the sale of residential building loans relate to obligations of Deutsche Post AG to pay interest subsidies to borrowers to offset the deterioration in borrowing terms in conjunction with the assignment of receivables in previous years, as well as pass-through obligations from repayments of principal and interest for residential building loans sold.

Miscellaneous other liabilities include a large number of individual items.

47.2 Maturity structure

| €m | 2012 | 2013 |
|------------------------------|-------|-------|
| Less than 1 year | 4,004 | 3,981 |
| More than 1 year to 2 years | 46 | 41 |
| More than 2 years to 3 years | 28 | 7 |
| More than 3 years to 4 years | 10 | 7 |
| More than 4 years to 5 years | 7 | 28 |
| More than 5 years | 185 | 144 |
| | 4,280 | 4,208 |

There is no significant difference between the carrying amounts and the fair values of the other liabilities due to their short maturities or market interest rates. There is no significant interest rate risk because most of these instruments bear floating rates of interest at market rates.

48 Trade payables

Trade payables also include liabilities to Group companies in the amount of €46 million (previous year: €42 million).

| €m | 2012 | 2013 |
|----------------|-------|-------|
| Trade payables | 5,991 | 6,392 |

Most of the trade payables have a maturity of less than one year. The reported carrying amount of trade payables corresponds to their fair value.

CASH FLOW DISCLOSURES

49 Cash flow disclosures

The cash flow statement is prepared in accordance with IAS 7 (Statement of Cash Flows) and discloses the cash flows in order to present the source and application of cash and cash equivalents. It distinguishes between cash flows from operating, investing and financing activities. Cash and cash equivalents are composed of cash, cheques and bank balances with a maturity of not more than three months, and correspond to the cash and cash equivalents reported on the balance sheet. The effects of currency translation and changes in the consolidated group are adjusted when calculating cash and cash equivalents.

49.1 Net cash from operating activities

Cash flows from operating activities are calculated by adjusting consolidated net profit/loss for tax expenses, net financial income/net finance costs and non-cash factors, as well as taxes paid, changes in provisions and in other non-current assets and liabilities (net cash from operating activities before changes in working capital). Adjustments for changes in working capital (excluding financial liabilities) result in net cash from or used in operating activities.

In financial year 2013, the net cash from operating activities amounted to €2,994 million compared with a net cash outflow of €203 million in the previous year. This improvement is largely attributable to the funding of pension obligations in the previous year.

The depreciation, amortisation and impairment losses contained in EBIT are non-cash effects and are therefore adjusted. At €1,341 million, they remained at the previous year's level. Also adjusted were non-cash income and expenses, which reduced EBIT by €16 million, but did not affect cash flows. They mainly relate to expenses from the remeasurement of assets.

The gains on the disposal of non-current assets of €22 million are not attributable to operating activities. They have therefore been adjusted in the net income from the disposal of non-current assets and are presented instead in the cash flows from investing activities.

The higher working capital led to a net cash outflow of €84 million. In the previous year, the change in this item resulted in an outflow of €422 million. The change in liabilities and other items in particular made a significant contribution to this development.

Non-cash income and expense

| €m | 2012 | 2013 |
|---|------------|-----------|
| Expense from remeasurement of assets | 94 | 122 |
| Income from remeasurement of liabilities | -203 | -114 |
| Income from disposal of assets | -2 | -11 |
| Staff costs relating to Share Matching Scheme | 19 | 20 |
| Miscellaneous | -5 | -1 |
| Non-cash income and expense | -97 | 16 |

49.2 Net cash used in investing activities

Cash flows from investing activities mainly result from cash received from disposals of non-current assets (divestitures) and cash paid for investments in non-current assets.

Interest and dividends received from investing activities as well as cash flows from changes in current financial assets are also included.

At €1,772 million, net cash used in investing activities was €75 million higher than in the previous year. The most significant item was the cash paid to acquire property, plant and equipment, and intangible assets, which was nonetheless €250 million lower than in the previous year, at €1,389 million. The investment volume was on a level with the previous year.

Although most of the capital expenditures had been capitalised towards the end of the year, the cash was only paid after the balance sheet date. The investment of surplus liquidity in money market funds was largely responsible for the net cash outflow from changes in current financial assets of €575 million. By contrast, the recognition of the demand for repayment of state aid in other non-current financial assets reduced cash flow from investing activities by €298 million in the previous year.

The following assets were acquired and liabilities assumed as a result of company acquisitions; see also [Note 2](#):

| €m | 2012 | 2013 |
|--|------|------|
| Non-current assets | 5 | 2 |
| Current assets (excluding cash and cash equivalents) | 19 | 8 |
| Non-current provisions and liabilities | 2 | 0 |
| Current provisions and liabilities | 8 | 7 |

The following table shows the calculation of free cash flow:

Calculation of free cash flow

| €m | 2012 | 2013 |
|--|---------------|---------------|
| Net cash used in/from operating activities | -203 | 2,994 |
| Sale of property, plant and equipment and intangible assets | 225 | 177 |
| Acquisition of property, plant and equipment and intangible assets | -1,639 | -1,389 |
| Cash outflow arising from change in property, plant and equipment and intangible assets | -1,414 | -1,212 |
| Disposals of subsidiaries and other business units | 39 | 32 |
| Acquisition of subsidiaries and other business units | -57 | -37 |
| Cash outflow arising from acquisitions/divestitures | -18 | -5 |
| Interest received | 46 | 42 |
| Interest paid | -296 | -166 |
| Net interest paid | -250 | -124 |
| Free cash flow | -1,885 | 1,653 |

Free cash flow is considered to be an indicator of how much cash is available to the company for dividend payments or the repayment of debt.

Free cash flow improved from €-1,885 million in the previous year to €1,653 million in the year under review. This is primarily attributable to the improvement in operating cash flow, which had been exceptionally and significantly reduced in the previous year by the funding of pension obligations and the additional VAT payment.

49.3 Net cash used in financing activities

Financing activities led to a cash outflow of €110 million in the year under review, compared with a cash inflow of €1,199 million in the previous year.

Two bonds with maturities of five and ten years contributed €495 million each to the €1,010 million in proceeds from the issuance of non-current financial liabilities. In the previous year, the issue of conventional corporate bonds and a convertible bond in particular had contributed to proceeds of €3,176 million. In addition, €733 million was used to repay non-current financial liabilities in the previous year.

At €846 million, the dividend payment to the shareholders of Deutsche Post AG remained at the prior-year level and was again the largest payment in financing activities. However, interest payments were down €130 million year-on-year, at €166 million, due to the interest payment related to the additional VAT payment in the previous year.

Proceeds from issuing shares or other equity instruments declined by €70 million to €4 million. The prior-year figure included the equity component of the convertible bond.

49.4 Cash and cash equivalents

The cash inflows and outflows described above produced cash and cash equivalents of €3,417 million; [Note 36](#). This represents a year-on-year increase of €1,017 million.

OTHER DISCLOSURES

50 Risks and financial instruments of the Group

50.1 Risk management

As a result of its operating activities, the Group is exposed to financial risks that may arise from changes in exchange rates, commodity prices and interest rates. Deutsche Post DHL manages these risks centrally through the use of non-derivative and derivative financial instruments. Derivatives are used exclusively to mitigate non-derivative financial risks, and fluctuations in their fair value should not be assessed separately from the underlying transaction.

The Group's internal risk guidelines govern the universe of actions, responsibilities and necessary controls regarding the use of derivatives. Financial transactions are recorded, assessed and processed using proven risk management software, which also regularly documents the effectiveness of hedging relationships. Portfolios of derivatives are regularly reconciled with the banks concerned.

In connection with the entry into force of the European Market Infrastructure Regulation (EMIR), the Group reviewed and adjusted its risk management processes: master agreements with banks were amended and further internal controls on the use of derivatives were introduced.

To limit counterparty risk from financial transactions, the Group may only enter into this type of contract with prime-rated banks. The conditions for the counterparty limits individually assigned to the banks are reviewed on a daily basis. The Group's Board of Management is informed internally at regular intervals about existing financial risks and the hedging instruments deployed to mitigate them. Financial instruments are accounted for and measured in accordance with IAS 39.

Liquidity management

The ultimate objective of liquidity management is to secure the solvency of Deutsche Post DHL and all Group companies. Consequently, liquidity in the Group is centralised as much as possible in cash pools and managed in the Corporate Center.

The centrally available liquidity reserves (funding availability), consisting of central short-term financial investments and committed credit lines, are the key control parameter. The target is to have at least €2 billion available in a central credit line.

The Group had central liquidity reserves of €4.6 billion (previous year: €2.7 billion) as at 31 December 2013, consisting of central financial investments amounting to €2.6 billion plus a syndicated credit line of €2 billion.

The maturity structure of non-derivative financial liabilities within the scope of IFRS 7 based on cash flows is as follows:

Maturity structure: remaining maturities

| €m | Less than 1 year | More than 1 year to 2 years | More than 2 years to 3 years | More than 3 years to 4 years | More than 4 years to 5 years | More than 5 years |
|-----------------------------------|------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------|
| At 31 December 2013 | | | | | | |
| Non-current financial liabilities | 82 | 156 | 233 | 849 | 662 | 3,379 |
| Other non-current liabilities | 0 | 11 | 3 | 3 | 2 | 130 |
| Non-current liabilities | 82 | 167 | 236 | 852 | 664 | 3,509 |
| Current financial liabilities | 1,299 | 0 | 0 | 0 | 0 | 0 |
| Trade payables | 6,392 | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 346 | 0 | 0 | 0 | 0 | 0 |
| Current liabilities | 8,037 | 0 | 0 | 0 | 0 | 0 |
| At 31 December 2012 | | | | | | |
| Non-current financial liabilities | 106 | 1,031 | 61 | 61 | 811 | 2,758 |
| Other non-current liabilities | 0 | 4 | 4 | 4 | 3 | 137 |
| Non-current liabilities | 106 | 1,035 | 65 | 65 | 814 | 2,895 |
| Current financial liabilities | 297 | 0 | 0 | 0 | 0 | 0 |
| Trade payables | 5,991 | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 462 | 0 | 0 | 0 | 0 | 0 |
| Current liabilities | 6,750 | 0 | 0 | 0 | 0 | 0 |

On 9 October 2013, Deutsche Post AG placed two fixed-coupon bonds worth a total of €1 billion on the capital market. The bonds have a principal amount of €500 million each and maturities of five and ten years, respectively. The issue proceeds are to

be used to repay the Deutsche Post Finance B.V. bond amounting to €926 million falling due in January 2014. Until then, the funds have been invested in short-term money market investments. The bonds are reported in non-current financial liabilities.

The maturity structure of the derivative financial instruments based on cash flows is as follows:

Maturity structure: remaining maturities

| €m | Less than 1 year | More than 1 year to 2 years | More than 2 years to 3 years | More than 3 years to 4 years | More than 4 years to 5 years | More than 5 years |
|--|------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------|
| At 31 December 2013 | | | | | | |
| Derivative receivables – gross settlement | | | | | | |
| Cash outflows | -5,345 | -389 | 0 | 0 | 0 | 0 |
| Cash inflows | 5,591 | 403 | 0 | 0 | 0 | 0 |
| Net settlement | | | | | | |
| Cash inflows | 23 | 5 | 0 | 0 | 0 | 0 |
| Derivative liabilities – gross settlement | | | | | | |
| Cash outflows | -1,821 | -411 | -46 | -33 | -41 | -37 |
| Cash inflows | 1,776 | 409 | 48 | 26 | 26 | 23 |
| Net settlement | | | | | | |
| Cash outflows | -4 | -1 | 0 | 0 | 0 | 0 |
| At 31 December 2012 | | | | | | |
| Derivative receivables – gross settlement | | | | | | |
| Cash outflows | -5,210 | -616 | 0 | 0 | 0 | 0 |
| Cash inflows | 5,422 | 663 | 0 | 0 | 0 | 0 |
| Net settlement | | | | | | |
| Cash inflows | 13 | 2 | 0 | 0 | 0 | 0 |
| Derivative liabilities – gross settlement | | | | | | |
| Cash outflows | -4,922 | -440 | 0 | 0 | 0 | 0 |
| Cash inflows | 4,803 | 430 | 0 | 0 | 0 | 0 |
| Net settlement | | | | | | |
| Cash outflows | -22 | -3 | 0 | 0 | 0 | 0 |

Derivative financial instruments entail both rights and obligations. The contractual arrangement defines whether these rights and obligations can be offset against each other and therefore result in a net settlement, or whether both parties to the contract will have to perform their obligations in full (gross settlement).

CURRENCY RISK AND CURRENCY MANAGEMENT

The international business activities of Deutsche Post DHL expose it to currency risks from recognised or planned future transactions.

Balance sheet currency risks arise from the measurement and settlement of items in foreign currencies that have been recognised if the exchange rate on the measurement or settlement date differs from the rate on recognition. The resulting foreign exchange differences directly impact profit or loss. In order to mitigate this

impact as far as possible, all significant balance sheet currency risks within the Group are centralised at Deutsche Post AG through the in-house bank function. The centralised risks are aggregated by Corporate Treasury to calculate a net position per currency and hedged externally based on value-at-risk limits. The currency-related value at risk (95%/one-month holding period) for the portfolio concerned totalled €4 million (previous year: €3 million) at the reporting date; the limit was a maximum of €5 million.

The notional amount of the currency forwards and currency swaps used to manage balance sheet currency risks amounted to €2,409 million at the reporting date (previous year: €4,370 million); the fair value was €34 million (previous year: €42 million). For simplification purposes, fair value hedge accounting was not applied to the derivatives used, which are reported as trading derivatives instead.

Currency risks arise from planned foreign currency transactions if the future foreign currency transactions are settled at exchange rates that differ from the rates originally planned or calculated. These currency risks are also captured centrally in Corporate Treasury and managed on a rolling 24-month basis as part of a hedging programme. The goal is to hedge an average of up to 50% of all significant currency risks over a 24-month period. This makes it possible to plan reliably and reduce fluctuations in earnings caused by currency movements. At the reporting date, an average of approximately 35% of the foreign currency risk of the currencies concerned was hedged for the next 24 months. The relevant hedging transactions are recognised using cash flow hedge accounting; [Note 50.3](#), cash flow hedges.

In total, currency forwards and currency swaps with a notional amount of €4,280 million (previous year: €5,976 million) were outstanding at the balance sheet date. The corresponding fair value was €98 million (previous year: €51 million). At the end of the year there were no currency options, as in the previous year. The Group also held cross-currency swaps with a notional amount of €163 million (previous year: €163 million) and a fair value of €14 million (previous year €2 million) to hedge foreign currency financing.

Currency risks resulting from translating assets and liabilities of foreign operations into the Group's currency (translation risk) were not hedged as at 31 December 2013.

Of the unrealised gains or losses from currency derivatives recognised in equity as at 31 December 2013 in accordance with IAS 39, €69 million (previous year: €3 million) is expected to be recognised in income in the course of 2014.

IFRS 7 requires the disclosure of quantitative risk data showing how profit or loss and equity are affected by changes in exchange rates at the reporting date. The impact of these changes in exchange rates on the portfolio of foreign currency financial instruments is assessed by means of a value-at-risk calculation (95% confidence/one-month holding period). It is assumed that the portfolio as at the reporting date is representative for the full year. Effects of hypothetical changes in exchange rates on translation risk do not fall within the scope of IFRS 7. The following assumptions are used as a basis for the sensitivity analysis:

Primary financial instruments in foreign currencies used by Group companies were hedged by Deutsche Post AG's in-house bank, with Deutsche Post AG setting and guaranteeing monthly exchange rates. Exchange rate-related changes therefore have no effect on the profit or loss and equity of the Group companies. Where, in individual cases, Group companies are not permitted to participate in in-house banking for legal reasons, their currency risks from primary financial instruments are fully hedged locally through the use of derivatives. They therefore have no impact on the Group's risk position.

Hypothetical changes in exchange rates have an effect on the fair values of Deutsche Post AG's external derivatives that is reported in profit or loss; they also affect the foreign currency gains and losses from remeasurement at the closing date of the in-house bank balances, balances from external bank accounts as well as internal and external loans extended by Deutsche Post AG. The foreign currency value at risk of the foreign currency items

concerned was €4 million at the reporting date (previous year: €3 million). In addition, hypothetical changes in exchange rates affect equity and the fair values of those derivatives used to hedge unrecognised firm commitments and highly probable forecast currency transactions, which are designated as cash flow hedges. The foreign currency value at risk of this risk position was €30 million as at 31 December 2013 (previous year: €32 million). The total foreign currency value at risk was €29 million at the reporting date (previous year: €35 million). The total amount is lower than the sum of the individual amounts given above, owing to interdependencies.

INTEREST RATE RISK AND INTEREST RATE MANAGEMENT

The fair value of interest rate hedging instruments was calculated on the basis of discounted expected future cash flows using Corporate Treasury's risk management system.

As at 31 December 2013, the Group had entered into interest rate swaps with a notional volume of €1,126 million (previous year: €326 million). The fair value of this interest rate swap position was €6 million (previous year: €23 million). As in the previous year, there were no interest rate options at the reporting date.

The Group placed further fixed-coupon bonds on the capital market in financial year 2013. At the same time, the remaining maturity of the bond falling due in January 2014 dropped to less than one year and some of the original fixed-coupon bonds were swapped for variable short-term interest rates. As a result, the share of instruments with short-term interest lock-ins increased sharply year-on-year. Taking into account existing interest rate hedging instruments, the proportion of financial liabilities with short-term interest lock-ins, [Note 46](#), amounts to around 36% (previous year: 8%) as at the reporting date. However, the effect of potential interest rate changes on the Group's financial position remains insignificant.

The quantitative risk data relating to interest rate risk required by IFRS 7 is presented in the form of a sensitivity analysis. This method determines the effects of hypothetical changes in market interest rates on interest income, interest expense and equity as at the reporting date. The following assumptions are used as a basis for the sensitivity analysis:

Primary variable-rate financial instruments are subject to interest rate risk and must therefore be included in the sensitivity analysis. Primary variable-rate financial instruments that were transformed into fixed-income financial instruments using cash flow hedges are not included. Changes in market interest rates for derivative financial instruments used as a cash flow hedge affect equity by changing fair values and must therefore be included in the sensitivity analysis. Fixed-income financial instruments measured at amortised cost are not subject to interest rate risk.

Designated fair value hedges of interest rate risk are not included in the analysis because the interest-related changes in fair value of the hedged item and the hedging transaction almost fully offset each other in profit or loss for the period. Only the variable portion of the hedging instrument affects net financial income/net finance costs and must be included in the sensitivity analysis.

If the market interest rate level as at 31 December 2013 had been 100 basis points higher, net finance costs would have increased by €6 million (previous year: decreased by €2 million). A market interest rate level 100 basis points lower would have had the opposite effect. A change in the market interest rate level by 100 basis points would affect the fair values of the interest rate derivatives recognised in equity. As in the previous year, a rise in interest rates in this financial year would not have increased equity, nor would a reduction have reduced equity.

MARKET RISK

As in the previous year, most of the risks arising from commodity price fluctuations, in particular fluctuating prices for kerosene and marine diesel fuels, were passed on to customers via operating measures. However, the impact of the related fuel surcharges is delayed by one to two months, so that earnings may be affected temporarily if there are significant short-term fuel price variations.

In addition, a small number of commodity swaps for diesel and marine diesel fuel were used to control residual risks. The notional amount of these commodity swaps was €56 million (previous year: €8 million) with a fair value of €0 million (previous year: €0 million).

IFRS 7 requires the disclosure of a sensitivity analysis, presenting the effects of hypothetical commodity price changes on profit or loss and equity.

Changes in commodity prices would affect the fair value of the derivatives used to hedge highly probable forecast commodity purchases (cash flow hedges) and the hedging reserve in equity. A 10% increase in the commodity prices underlying the derivatives as at the balance sheet date would have increased fair values and equity by €5 million (previous year: €0 million). A corresponding decline in commodity prices would have had the opposite effect.

In the interests of simplicity, some of the commodity price hedges were not recognised using cash flow hedge accounting. For the derivatives in question, commodity price changes would affect both the fair values of the derivatives and the income statement. As in the previous year, if the underlying commodity prices had been 10% higher at the reporting date, this would have increased the fair values in question and, consequently, operating profit by less than €1 million. A corresponding decline in the commodity prices would have also reduced the fair values and operating profit by less than €1 million.

CREDIT RISK

The credit risk incurred by the Group is the risk that counterparties fail to meet their obligations arising from operating activities and from financial transactions. To minimise credit risk from financial transactions, the Group only enters into transactions with prime-rated counterparties. The Group's heterogeneous customer structure means that there is no risk concentration. Each counterparty is assigned an individual limit, the utilisation of which is regularly monitored. A test is performed at the balance sheet dates to establish whether an impairment loss needs to be charged on the positive fair values due to the individual counterparties' credit quality. This was not the case for any of the counterparties as at 31 December 2013.

Default risks are continuously monitored in the operating business. The aggregate carrying amounts of financial assets represent the maximum default risk. Trade receivables amounting to €7,040 million (previous year: €6,959 million) are due within one year. The following table gives an overview of receivables that are past due:

| €m | Carrying amount before impairment loss | Neither impaired nor due at the reporting date | Past due and not impaired at the reporting date | | | | | | |
|----------------------------|--|--|---|---------------|---------------|----------------|-----------------|-----------------|-----------|
| | | | Less than 30 days | 31 to 60 days | 61 to 90 days | 91 to 120 days | 121 to 150 days | 151 to 180 days | >180 days |
| At 31 December 2013 | | | | | | | | | |
| Trade receivables | 7,250 | 5,154 | 749 | 641 | 270 | 93 | 42 | 36 | 17 |
| At 31 December 2012 | | | | | | | | | |
| Trade receivables | 7,175 | 5,038 | 764 | 647 | 258 | 103 | 44 | 26 | 23 |

Trade receivables changed as follows:

| €m | 2012 | 2013 |
|---------------------------------------|--------------|--------------|
| Gross receivables | | |
| At 1 January | 7,163 | 7,175 |
| Changes | 12 | 75 |
| At 31 December | 7,175 | 7,250 |
| Valuation allowances | | |
| At 1 January | -229 | -216 |
| Changes | 13 | 6 |
| At 31 December | -216 | -210 |
| Carrying amount at 31 December | 6,959 | 7,040 |

All other financial instruments are neither past due nor impaired. The heterogeneous structure of the counterparties prevents risk concentration.

Impairment losses of €23 million (previous year: €45 million) were recognised for other assets.

50.2 Collateral

€545 million (previous year: €549 million) of collateral is recognised in non-current financial assets as at the balance sheet date. Of this amount, €318 million relates to the restricted cash transferred to a blocked account with Commerzbank AG for any payments that may be required due to the EU state aid proceedings; [Note 3](#), 2012 Annual Report. €55 million is attributable to collateral in the context of an M&A transaction and €102 million relates primarily to liabilities in conjunction with the settlement of Deutsche Post AG's residential building loans. €64 million relates to sureties paid.

Collateral of €41 million is recognised in current financial assets (previous year: €49 million). The majority of this concerns collateral deposited for QTE leases.

50.3 Derivative financial instruments

The following table gives an overview of the recognised derivative financial instruments used in the Group and their fair values. Derivatives with amortising notional volumes are reported in the full amount at maturity.

Derivative financial instruments

| | | 2012 | | 2013 | | | | Fair values in 2013, by maturity | | | | | | | | | | | |
|-------------------------------------|--------------|------------------|----------------------|---------------------------|------------------|------------|------------|----------------------------------|---------------|---------------|---------------|---------------|-------------|------------------|---------------|---------------|---------------|---------------|----------|
| | | | | | | | | Assets | | | | | Liabilities | | | | | | |
| | | | | | | | | Less than 1 year | Up to 2 years | Up to 3 years | Up to 4 years | Up to 5 years | >5 years | Less than 1 year | Up to 2 years | Up to 3 years | Up to 4 years | Up to 5 years | >5 years |
| No-tional amount | Fair value | No-tional amount | Fair value of assets | Fair value of liabilities | Total fair value | | | | | | | | | | | | | | |
| Interest rate products | | | | | | | | | | | | | | | | | | | |
| Interest rate swaps | 326 | 23 | 1,126 | 12 | -6 | 6 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -4 | -2 |
| of which cash flow hedges | 163 | 13 | 163 | 7 | 0 | 7 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which fair value hedges | 163 | 10 | 963 | 5 | -6 | -1 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -4 | -2 |
| of which held for trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency transactions | | | | | | | | | | | | | | | | | | | |
| Currency forwards | 2,918 | 4 | 2,206 | 94 | -26 | 68 | 78 | 16 | 0 | 0 | 0 | 0 | -21 | -5 | 0 | 0 | 0 | 0 | 0 |
| of which cash flow hedges | 1,442 | 9 | 1,825 | 89 | -25 | 64 | 73 | 16 | 0 | 0 | 0 | 0 | -20 | -5 | 0 | 0 | 0 | 0 | 0 |
| of which net investment hedges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which held for trading | 1,476 | -5 | 381 | 5 | -1 | 4 | 5 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency options | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which cash flow hedges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency swaps | 3,058 | 47 | 2,074 | 36 | -6 | 30 | 36 | 0 | 0 | 0 | 0 | 0 | -6 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which cash flow hedges | 164 | 0 | 46 | 1 | -1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which held for trading | 2,894 | 47 | 2,028 | 35 | -5 | 30 | 35 | 0 | 0 | 0 | 0 | 0 | -5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cross-currency swaps | 163 | 2 | 163 | 14 | 0 | 14 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which cash flow hedges | 163 | 2 | 163 | 14 | 0 | 14 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which fair value hedges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which held for trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 6,139 | 53 | 4,443 | 144 | -32 | 112 | 128 | 16 | 0 | 0 | 0 | 0 | -27 | -5 | 0 | 0 | 0 | 0 | 0 |
| Commodity price transactions | | | | | | | | | | | | | | | | | | | |
| Commodity price swaps | 8 | 0 | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which cash flow hedges | 3 | 0 | 52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which held for trading | 5 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

In addition to those shown in the table, there are other derivatives with a fair value of €-2 million (previous year: €-49 million) that are the result of M & A transactions.

FAIR VALUE HEDGES

Interest rate swaps were used to hedge the fair value risk of fixed-interest euro-denominated liabilities falling due in 2014. The fair values of these interest rate swaps amount to €5 million (previous year: €10 million). As at 31 December 2013, there was also a €1 million (previous year: €7 million) adjustment to the carrying amount of the underlying hedged item arising from an interest rate swap unwound in the past. The adjustment to the carrying amount is amortised over the remaining term of the liability using the effective interest method, and reduces future interest expense.

New interest rate swaps were entered into and designated as fair value hedges in 2013 to hedge the fair value risk of fixed-interest euro-denominated liabilities falling due in 2018 and 2020. The fair value of these hedging instruments was €-6 million as at the reporting date. The following table gives an overview of the gains and losses arising from the hedged items and the respective hedging transactions:

Ineffective portion of fair value hedges

| €m | 2012 | 2013 |
|--------------------------------------|----------|----------|
| Gains (+) on hedged items | 1 | 11 |
| Losses (-) on hedging transactions | -1 | -11 |
| Balance (ineffective portion) | 0 | 0 |

CASH FLOW HEDGES

The Group uses currency forwards and currency swaps to hedge the cash flow risk from future foreign currency operating revenue and expenses. The fair values of currency forwards and currency swaps amounted to €64 million at the reporting date (previous year: €9 million). The hedged items will have an impact on cash flow by 2015.

Risks arising from fixed-interest foreign currency investments were hedged using synthetic cross-currency swaps, with the investments being transformed into fixed-interest euro investments. These synthetic cross-currency swaps hedge the currency risk, and their fair values at the reporting date amounted to €21 million (previous year: €15 million).

The risks from the purchase of diesel and marine diesel fuels, which cannot be passed on to customers, were hedged using commodity swaps that will affect cash flow in 2014. As in the previous year, the fair value of these cash flow hedges amounted to €0 million at year-end.

50.4 Additional disclosures on the financial instruments used in the Group

The Group classifies financial instruments in line with the respective balance sheet items. The following table reconciles the classes to the categories given in IAS 39 and the respective fair values:

Reconciliation of carrying amounts in the balance sheet at 31 December 2013

| €m | Carrying amount | Carrying amount by IAS 39 measurement category | | |
|--|-----------------|---|-------------------|-------------------------------------|
| | | Financial assets and liabilities at fair value through profit or loss | | Available-for-sale financial assets |
| | | Trading | Fair value option | |
| ASSETS | | | | |
| Non-current financial assets | 1,124 | | | |
| at cost | 858 | 0 | 0 | 97 |
| at fair value | 266 | 0 | 90 | 160 |
| Trade receivables | 7,040 | | | |
| at cost | 7,040 | 0 | 0 | 0 |
| Other current assets | 2,221 | | | |
| at cost | 955 | 0 | 0 | 0 |
| outside IFRS 7 | 1,266 | 0 | 0 | 0 |
| Current financial assets | 821 | | | |
| at cost | 70 | 0 | 0 | 0 |
| at fair value | 751 | 40 | 0 | 611 |
| Cash and cash equivalents | 3,417 | 0 | 0 | 0 |
| Total ASSETS | 14,623 | 40 | 90 | 868 |
| EQUITY AND LIABILITIES | | | | |
| Non-current financial liabilities ¹ | 4,612 | | | |
| at cost | 4,601 | 0 | 0 | 0 |
| at fair value | 11 | 0 | 0 | 0 |
| Other non-current liabilities | 227 | | | |
| at cost | 147 | 0 | 0 | 0 |
| outside IFRS 7 | 80 | 0 | 0 | 0 |
| Current financial liabilities | 1,328 | | | |
| at cost | 1,299 | 0 | 0 | 0 |
| at fair value | 29 | 8 | 0 | 0 |
| Trade payables | 6,392 | 0 | 0 | 0 |
| Other current liabilities | 3,981 | | | |
| at cost | 346 | 0 | 0 | 0 |
| outside IFRS 7 | 3,635 | 0 | 0 | 0 |
| Total EQUITY AND LIABILITIES | 16,540 | 8 | 0 | 0 |

¹ The Deutsche Post AG and Deutsche Post Finance B.V. bonds included in current and non-current financial liabilities were partly designated as hedged items in a fair value hedge and are thus subject to a basis adjustment. The bonds are therefore recognised neither at full fair value nor at amortised cost. Non-current financial liabilities also include the convertible bond issued by Deutsche Post AG in December 2012. The listed bond had a fair value of €1,353 million at the balance sheet date. A fair value of €928 million was reported for the debt component at the balance sheet date.

| | | | | Other financial instruments outside the scope of IAS 39 | Fair value of financial instruments under IFRS 7 |
|---|-------------------------|--|---|--|---|
| Loans and receivables/ other financial liabilities | Held-to-maturity assets | Derivatives designated as hedging instruments | Lease receivables/ finance lease liabilities | | |
| 729 | 0 | 0 | 32 | 846 | |
| 0 | 0 | 16 | 0 | 266 | |
| 7,040 | 0 | 0 | 0 | 7,040 | |
| 955 | 0 | 0 | 0 | 955 | |
| 0 | 0 | 0 | 0 | 0 | |
| 63 | 0 | 0 | 7 | 70 | |
| 0 | 0 | 100 | 0 | 751 | |
| 3,417 | 0 | 0 | 0 | 3,417 | |
| 12,204 | 0 | 116 | 39 | – | |
| 4,407 | 0 | 0 | 194 | 4,657 | |
| 0 | 0 | 11 | 0 | 11 | |
| 147 | 0 | 0 | 0 | 147 | |
| 0 | 0 | 0 | 0 | 0 | |
| 1,280 | 0 | 0 | 19 | 1,302 | |
| 0 | 0 | 21 | 0 | 29 | |
| 6,392 | 0 | 0 | 0 | 6,392 | |
| 346 | 0 | 0 | 0 | 346 | |
| 0 | 0 | 0 | 0 | 0 | |
| 12,572 | 0 | 32 | 213 | – | |

Reconciliation of carrying amounts in the balance sheet at 31 December 2012

| €m | Carrying amount | Carrying amount by IAS 39 measurement category | | |
|--|-----------------|---|-------------------|-------------------------------------|
| | | Financial assets and liabilities at fair value through profit or loss | | Available-for-sale financial assets |
| | | Trading | Fair value option | |
| ASSETS | | | | |
| Non-current financial assets | 1,039 | | | |
| at cost | 866 | 0 | 0 | 104 |
| at fair value | 173 | 0 | 79 | 58 |
| Trade receivables | 6,959 | | | |
| at cost | 6,959 | 0 | 0 | 0 |
| Other current assets | 2,153 | | | |
| at cost | 893 | 0 | 0 | 0 |
| outside IFRS 7 | 1,260 | 0 | 0 | 0 |
| Current financial assets | 252 | | | |
| at cost | 119 | 0 | 0 | 0 |
| at fair value | 133 | 85 | 0 | 24 |
| Cash and cash equivalents | 2,400 | 0 | 0 | 0 |
| Total ASSETS | 12,803 | 85 | 79 | 186 |
| EQUITY AND LIABILITIES | | | | |
| Non-current financial liabilities ¹ | 4,413 | | | |
| at cost | 4,405 | 0 | 0 | 0 |
| at fair value | 8 | 3 | 0 | 0 |
| Other non-current liabilities | 276 | | | |
| at cost | 149 | 0 | 0 | 0 |
| outside IFRS 7 | 127 | 0 | 0 | 0 |
| Current financial liabilities | 403 | | | |
| at cost | 294 | 0 | 0 | 0 |
| at fair value | 109 | 88 | 0 | 0 |
| Trade payables | 5,991 | 0 | 0 | 0 |
| Other current liabilities | 4,004 | | | |
| at cost | 398 | 0 | 0 | 0 |
| outside IFRS 7 | 3,606 | 0 | 0 | 0 |
| Total EQUITY AND LIABILITIES | 15,087 | 91 | 0 | 0 |

¹ The Deutsche Post AG and Deutsche Post Finance B.V. bonds included in non-current financial liabilities were fully or partly designated as hedged items in a fair value hedge and are thus subject to a basis adjustment. They are therefore recognised neither at full fair value nor at amortised cost. Non-current financial liabilities also include the convertible bond issued by Deutsche Post AG in December 2012. The listed bond had a fair value of €1,049 million at the balance sheet date. A fair value of €929 million was reported for the debt component at the balance sheet date.

No assets were reclassified in financial years 2013 and 2012.

| | | | Other financial instruments outside the scope of IAS 39 | Fair value of financial instruments under IFRS 7 |
|---|-------------------------|--|--|---|
| Loans and receivables/ other financial liabilities | Held-to-maturity assets | Derivatives designated as hedging instruments | Lease receivables/ finance lease liabilities | |
| 737 | 0 | 0 | 25 | 866 |
| 0 | 0 | 36 | 0 | 173 |
| 6,959 | 0 | 0 | 0 | 6,959 |
| 893 | 0 | 0 | 0 | 893 |
| 0 | 0 | 0 | 0 | 0 |
| 77 | 0 | 0 | 42 | 119 |
| 0 | 0 | 24 | 0 | 133 |
| 2,400 | 0 | 0 | 0 | 2,400 |
| 11,066 | 0 | 60 | 67 | – |
| 4,282 | 0 | 0 | 123 | 4,571 |
| 0 | 0 | 5 | 0 | 8 |
| 149 | 0 | 0 | 0 | 149 |
| 0 | 0 | 0 | 0 | 0 |
| 268 | 0 | 0 | 26 | 294 |
| 0 | 0 | 21 | 0 | 109 |
| 5,991 | 0 | 0 | 0 | 5,991 |
| 398 | 0 | 0 | 0 | 398 |
| 0 | 0 | 0 | 0 | 0 |
| 11,088 | 0 | 26 | 149 | – |

If there is an active market for a financial instrument (e.g., stock exchange), the fair value is determined by reference to the market or quoted exchange price at the balance sheet date. If no fair value is available in an active market, the quoted prices in an active market for similar instruments or recognised valuation techniques are used to determine fair value. The valuation techniques used incorporate the key factors determining the fair value of the financial instruments using valuation parameters that are derived from the market conditions as at the balance sheet date. Counterparty risk is analysed on the basis of the current credit default swaps signed by the counterparties. The fair values of other non-current receivables and held-to-maturity financial investments with remaining maturities of more than one year correspond to the present values of the payments related to the assets, taking into account current interest rate parameters.

Cash and cash equivalents, trade receivables and other receivables have predominantly short remaining maturities. As a result, their carrying amounts as at the reporting date are approximately equivalent to their fair values. Trade payables and other liabilities generally have short remaining maturities; the recognised amounts approximately represent their fair values.

Available-for-sale financial assets include shares in partnerships and corporations in the amount of €97 million (previous year: €104 million). There is no active market for these instruments. As no future cash flows can be reliably determined, the fair values cannot be determined using valuation techniques. The shares of these entities are recognised at cost. There are no plans to sell or derecognise significant shares of the available-for-sale financial assets recognised as at 31 December 2013 in the near future. As in the previous year, no significant shares measured at cost were sold in the financial year. Available-for-sale financial assets measured at fair value relate to equity and debt instruments.

Financial assets at fair value through profit or loss include securities to which the fair value option was applied, in order to avoid accounting inconsistencies. There is an active market for these assets, which are recognised at fair value.

The following table presents the classes of financial instruments recognised at fair value and not recognised at fair value by the level in the fair value hierarchy to which they are assigned:

Financial assets and liabilities

| €m | | | | |
|---|----------------------|----------------------|----------------------|--------------|
| Class | Level 1 ¹ | Level 2 ² | Level 3 ³ | Total |
| Financial assets and liabilities: 2013 | | | | |
| Non-current financial assets | 157 | 765 | 190 | 1,112 |
| Current financial assets | 611 | 210 | 0 | 821 |
| Total financial assets | 768 | 975 | 190 | 1,933 |
| Non-current financial liabilities | 4,221 | 447 | 0 | 4,668 |
| Current financial liabilities | 927 | 402 | 2 | 1,331 |
| Total financial liabilities | 5,148 | 849 | 2 | 5,999 |
| Financial assets and liabilities: 2012 | | | | |
| Non-current financial assets | 137 | 770 | 132 | 1,039 |
| Current financial assets | 24 | 228 | 0 | 252 |
| Total financial assets | 161 | 998 | 132 | 1,291 |
| Non-current financial liabilities | 4,210 | 366 | 3 | 4,579 |
| Current financial liabilities | 0 | 357 | 46 | 403 |
| Total financial liabilities | 4,210 | 723 | 49 | 4,982 |

¹ Level 1: quoted market prices.

² Level 2: measurement using key inputs based on observable market data.

³ Level 3: measurement using key inputs not based on observable market data.

The fair values of currency forwards were measured on the basis of discounted expected future cash flows, taking forward rates on the foreign exchange market into account. The currency options were measured using the Black-Scholes option pricing model.

Level 2 includes commodity, interest rate and currency derivatives. The fair values of the derivatives (currency forwards, interest rate and commodity swaps) are measured on the basis of discounted expected future cash flows, taking into account forward rates for currencies, interest rates and commodities (market approach). For this purpose, price quotations observable on the market (exchange rates, interest rates and commodity prices) are imported from information platforms customary in the market into the treasury management system. The price quotations reflect actual transactions involving similar instruments on an

active market. Any currency options used are measured using the Black-Scholes option pricing model. All significant inputs used to measure derivatives are observable on the market. Level 3 mainly comprises the fair values of equity investments and options entered into in connection with M&A transactions. These equity investments and options are measured using recognised valuation models, taking plausible assumptions into account; measurement depends largely on financial ratios.

No financial instruments were transferred between levels in financial year 2012. The table shows the effect on net gains and losses of the financial instruments categorised within level 3 as at the reporting date:

Unobservable inputs (Level 3)

| €m | Gains and losses | | Gains and losses | | Additions | Disposals | At 31 Dec. 2013 |
|--------------------|-------------------|-----------------------------------|------------------------|----|-----------|-----------|--------------------|
| | At 1 Jan. 2013 | (recognised in profit or loss) | (recognised in OCI) | | | | |
| Assets | | | | | | | |
| Equity instruments | 28 | 0 | 41 ¹ | 24 | 0 | | 93 |
| Liabilities | | | | | | | |
| Debt instruments | 1 | -1 ² | 0 | 0 | 0 | | 0 |
| Derivatives | | | | | | | |
| Equity derivatives | 48 | -43 ² | 0 | 0 | -3 | | 2 |

¹ Unrealised gains were recognised in the IAS 39 revaluation reserve.

² Fair value losses were recognised in other finance costs.

The net gains and losses on financial instruments classified in accordance with the individual IAS 39 measurement categories are as follows:

Net gains and losses by measurement category

| €m | 2012 | 2013 |
|---|------|------|
| Loans and receivables | -111 | -107 |
| Financial assets and liabilities at fair value through profit or loss | | |
| Trading | -337 | 41 |
| Fair value option | 0 | 0 |
| Other financial liabilities | 2 | 3 |

The net gains and losses mainly include the effects of the fair value measurement, impairment and disposals (disposal gains/losses) of financial instruments. In financial year 2013, an option entered into in the context of an M&A transaction was derecognised, resulting in an impact on profit or loss. The amount reported for the trading category in the previous year related to the measurement of the forward and the options entered into to transfer the remaining shares in Deutsche Postbank AG. Dividends and interest are not taken into account for the financial instruments measured at fair value through profit or loss. Disclosures on net gains or losses on available-for-sale financial assets can be found in [Note 40.2](#). Income and expenses from interest and commission agreements of the financial instruments not measured at fair value through profit or loss are explained in the income statement disclosures.

The following tables show the impact of netting agreements based on master netting arrangements or similar agreements on the presentation of financial assets and financial liabilities as at the reporting date:

Offsetting – Assets

| €m | Gross amount of financial assets recognised at the reporting date | Gross amount of financial liabilities set off | Net amount of financial assets set off in the balance sheet | Financial assets and liabilities not set off in the balance sheet | | Total |
|--|---|---|---|---|---------------------|-------|
| | | | | Financial liabilities subject to a legally enforceable netting agreement that do not meet offsetting criteria | Collateral received | |
| Assets at 31 December 2013 | | | | | | |
| Derivative financial assets | 156 | 0 | 156 | 38 | 0 | 118 |
| Trade receivables | 7,207 | 167 | 7,040 | 0 | 0 | 7,040 |
| Assets at 31 December 2012 | | | | | | |
| Derivative financial assets ¹ | 144 | 0 | 144 | 68 | 0 | 76 |
| Trade receivables | 7,084 | 125 | 6,959 | 0 | 0 | 6,959 |

¹ Excluding derivatives from M&A transactions.

Offsetting – Liabilities

| €m | Gross amount of financial liabilities recognised at the reporting date | Gross amount of financial assets set off | Net amount of financial liabilities set off in the balance sheet | Financial assets and liabilities not set off in the balance sheet | | Total |
|---|--|--|--|--|---------------------|-------|
| | | | | Financial assets subject to a legally enforceable netting agreement that do not meet offsetting criteria | Collateral provided | |
| Liabilities at 31 December 2013 | | | | | | |
| Derivative financial liabilities ¹ | 38 | 0 | 38 | 38 | 0 | 0 |
| Trade payables | 6,559 | 167 | 6,392 | 0 | 0 | 6,392 |
| Liabilities at 31 December 2012 | | | | | | |
| Derivative financial liabilities ¹ | 68 | 0 | 68 | 68 | 0 | 0 |
| Trade payables | 6,116 | 125 | 5,991 | 0 | 0 | 5,991 |

¹ Excluding derivatives from M&A transactions.

Financial assets and liabilities are set off on the basis of netting agreements (master netting arrangements) only if an enforceable right of set-off exists and settlement on a net basis is intended as at the reporting date.

If the right of set-off is not enforceable in the normal course of business, the financial assets and liabilities are recognised in the balance sheet at their gross amounts as at the reporting date. The master netting arrangement creates a conditional right of set-off that can only be enforced by taking legal action.

To hedge cash flow and fair value risks, Deutsche Post AG enters into financial derivative transactions with a large number of financial services institutions. These contracts are subject to a standardised master agreement for financial derivative transactions. This agreement provides for a conditional right of set-off, resulting in the recognition of the gross amount of the financial derivative transactions at the reporting date. The conditional right of set-off is presented in the table.

Settlement processes arising from services related to postal deliveries are subject to the Universal Postal Convention and the REIMS Agreement. These agreements, particularly the settlement conditions, are binding on all public postal operators for the specified contractual arrangements. Imports and exports between two parties to the agreement during a calendar year are offset in an annual statement of account and presented on a net basis in the final annual statement. The final statement is prepared by the creditor. Receivables and payables covered by the Universal Postal Convention and the REIMS Agreement are presented on a net basis at the reporting date. The tables above show the receivables and payables before and after offsetting.

51 Contingent liabilities

The Group's contingent liabilities total €1,077 million (previous year: €1,135 million). €21 million of the contingent liabilities relates to guarantee obligations (previous year: €22 million), €84 million to warranties (previous year: €103 million) and €124 million to liabilities from litigation risks (previous year: €130 million).

The other contingent liabilities declined by €32 million, from €880 million in the previous year to €848 million.

52 Other financial obligations

In addition to provisions, liabilities and contingent liabilities, there are other financial obligations amounting to €6,129 million (previous year: €6,325 million) from non-cancellable operating leases as defined by IAS 17.

The Group's future non-cancellable payment obligations under leases are attributable to the following asset classes:

Lease obligations

| €m | 2012 | 2013 |
|---|--------------|--------------|
| Land and buildings | 5,100 | 4,966 |
| Aircraft | 647 | 524 |
| Transport equipment | 450 | 512 |
| Technical equipment and machinery | 65 | 67 |
| Other equipment, operating and office equipment | 48 | 47 |
| IT equipment | 15 | 13 |
| Lease obligations | 6,325 | 6,129 |

The decrease in lease obligations by €196 million to €6,129 million is a consequence of the reduction in the remaining terms of legacy agreements, especially for real estate and aircraft which, in the main, are not matched by the same volume of new leases.

Maturity structure of minimum lease payments

| €m | 2012 | 2013 |
|------------------------------|--------------|--------------|
| Less than 1 year | 1,504 | 1,465 |
| More than 1 year to 2 years | 1,107 | 1,109 |
| More than 2 years to 3 years | 837 | 853 |
| More than 3 years to 4 years | 642 | 651 |
| More than 4 years to 5 years | 500 | 475 |
| More than 5 years | 1,735 | 1,576 |
| | 6,325 | 6,129 |

The present value of discounted minimum lease payments is €5,019 million (previous year: €5,156 million), based on a discount factor of 4.75% (previous year: 4.75%). Overall, rental and lease payments amounted to €2,508 million (previous year: €2,529 million), of which €1,696 million (previous year: €1,730 million) relates to non-cancellable leases. €2,092 million (previous year: €2,255 million) of future lease obligations from non-cancellable leases is primarily attributable to Deutsche Post Immobilien GmbH.

The purchase obligation for investments in non-current assets amounts to €134 million (previous year: €125 million).

53 Litigation

A large number of the postal services rendered by Deutsche Post AG and its subsidiaries are subject to sector-specific regulation by the *Bundesnetzagentur* (German federal network agency) pursuant to the *Postgesetz* (German Postal Act). As the regulatory authority, the *Bundesnetzagentur* approves or reviews these prices, formulates the terms of downstream access and has special supervisory powers to combat market abuse. This general regulatory risk could lead to a decline in revenue and earnings in the event of negative decisions.

Legal risks arise, amongst other things, from pending administrative court appeals by an association and a competitor against the price approvals under the price cap procedure for 2003, 2004 and 2005, and by the association against the corresponding decisions for 2008 and 2013. Although the appeals against price approvals for the years 2003 to 2005 were dismissed by the Münster Higher Administrative Court, as the court of appeal, an appeal has been filed with the Federal Administrative Court. The Cologne Administrative Court has not yet decided on the appeals against the price approvals for 2008 and 2013.

Legal risks also result from appeals by Deutsche Post AG against other price approvals granted by the regulatory authority. These largely relate to appeals against the price approvals for access to Deutsche Post AG's post office box facilities and change of address information by competitors.

There are legal risks in connection with the discounts for downstream access, which Deutsche Post AG increased on 1 July 2010. Deutsche Post competitors and their associations filed complaints against these discount increases with the *Bundesnetzagentur*. They claim that the increased discounts conflict, in particular, with regulatory requirements. However, the *Bundesnetzagentur* discontinued its review proceedings by way of a notification of 15 September 2010 after having found no violation of the applicable regulations. In October 2011, several competitors of Deutsche Post AG brought an action against the *Bundesnetzagentur* with the aim of reversing the discount increases. Deutsche Post AG considers its charges for downstream access and the discount increases to be in compliance with the regulatory and other legal requirements. Following the hearing at the Cologne Administrative Court on 25 November 2013, the claimants withdrew their appeal. The *Bundesnetzagentur's* decision of 15 November 2010 therefore stands.

In its decision dated 14 June 2011, the *Bundesnetzagentur* concluded that First Mail Düsseldorf GmbH, a subsidiary of Deutsche Post AG, and Deutsche Post AG had contravened the discounting and discrimination prohibitions under the *Postgesetz*. The companies were instructed to remedy the breaches that had been identified. Both companies appealed against the ruling. Furthermore, First Mail Düsseldorf GmbH filed an application to suspend the execution of the ruling until a decision was reached in the principal proceedings. The Cologne Administrative Court and the Münster Higher Administrative Court both dismissed this application. First Mail Düsseldorf GmbH discontinued its mail delivery operations at the end of 2011 and retracted its appeal on 19 December 2011. Deutsche Post AG continues to pursue its appeal against the *Bundesnetzagentur* ruling.

In its ruling of 30 April 2012, the *Bundesnetzagentur* determined that Deutsche Post AG had contravened the discrimination provisions under the *Postgesetz* by charging different fees for the transport of identical invoices and invoices containing different amounts. Deutsche Post AG was requested to discontinue the discrimination determined immediately, but no later than 31 December 2012. The ruling was implemented on 1 January 2013. Deutsche Post does not share the legal opinion of the *Bundesnetzagentur* and appealed the ruling.

On 25 January 2012, the European Commission issued a ruling on the formal investigation regarding state aid that it had initiated on 12 September 2007. The Commission determined that Deutsche Post AG was not overcompensated, using state resources, for the cost of providing universal services between 1989 and 2007. It also did not find fault with the guarantees issued by the German state for legacy liabilities. By contrast, it did find that some of the funding arrangements for civil servants' pensions represented illegal state aid. It said that the pension relief granted to Deutsche Post AG by the *Bundesnetzagentur* during the price approval process led to Deutsche Post AG receiving a benefit in relation to its services that are not rate-regulated. According to the Commission, this must be claimed back by the German government, which must also ensure that the granting of state aid does not in future confer benefits with respect to non-rate-regulated services (illegal state aid). The European Commission has left the calculation of the precise amount to be repaid to the Federal Republic. However, in a press release, the European Commission had referred to an amount of between €500 million and €1 billion.

Deutsche Post AG and the federal government are of the opinion that the European Commission's state aid decision of 25 January 2012 cannot withstand legal review and have each submitted an appeal to the European Court of Justice in Luxembourg.

To implement the state aid ruling, the federal government called upon Deutsche Post AG on 29 May 2012 to make a payment of €298 million including interest. Deutsche Post AG paid this amount to a trustee on 1 June 2012 and appealed the recovery order to the Administrative Court. However, this appeal has been suspended pending a ruling from the European Court of Justice. The company made additional payments of €19.4 million and €15.6 million to the trustee on 2 January 2013 and 2 January 2014, respectively. All payments made until the reporting date were reported in the balance sheet under non-current assets; the earnings position remained unaffected.

The European Commission has not expressed its final acceptance of the calculation of the state aid to be repaid. On 17 December 2013, it initiated proceedings against the Federal Republic of Germany with the European Court of Justice to effect a higher repayment amount. Although Deutsche Post AG and the federal government are of the opinion that the European Commission's state aid decision cannot withstand legal review, it cannot be ruled out that Deutsche Post AG will ultimately be required to make a (potentially higher) payment, which could have an adverse effect on earnings.

54 Share-based payment

Assumptions regarding the price of Deutsche Post AG's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for executives. All assumptions are reviewed on a quarterly basis. The staff costs are recognised pro rata in profit or loss to reflect the services rendered as consideration during the vesting period (lock-up period).

Share-based payment for executives (Share Matching Scheme)

Under the share-based payment system for executives (Share Matching Scheme), certain executives receive part of their variable remuneration for the financial year in the form of shares of Deutsche Post AG in the following year (incentive shares); all Group executives can specify an increased equity component individually by converting a further portion of their variable remuneration for

the financial year (investment shares). After a four-year lock-up period during which the executive must be employed by the Group, they again receive the same number of Deutsche Post AG shares (matching shares). Assumptions are made regarding the conversion behaviour of executives with respect to their relevant bonus portion. Share-based payment arrangements are entered into each year, with 1 January of the respective year and 1 April of the following year being the grant dates for each year's tranche. Whereas incentive shares and matching shares are classified as equity-settled share-based payments, investment shares are compound financial instruments and the liability and equity components must be measured separately. However, in accordance with IFRS 2.37, only the debt component is measured due to the provisions of the Share Matching Scheme. The investment shares are therefore treated as cash-settled share-based payments.

Share Matching Scheme

| | | 2009 tranche | 2010 tranche | 2011 tranche | 2012 tranche | 2013 tranche |
|---|-----------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Grant dates | | 1 Nov. 2009/ 1 April 2010 | 1 Jan. 2010/ 1 April 2011 | 1 Jan. 2011/ 1 April 2012 | 1 Jan. 2012/ 1 April 2013 | 1 Jan. 2013/ 1 April 2014 |
| Term | months | 53 | 63 | 63 | 63 | 63 |
| End of term | | March 2014 | March 2015 | March 2016 | March 2017 | March 2018 |
| Share price at grant date (fair value) | | | | | | |
| Incentive shares and matching shares awarded for incentive shares | € | 11.48 | 13.98 | 12.90 | 12.13 | 17.02 |
| Matching shares awarded for investment shares | € | 13.03 | 12.91 | 14.83 | 18.22 | 25.00 ¹ |
| Number of incentive shares | thousands | 430 | 638 | 660 | 479 | 348 ² |
| Number of matching shares expected | | | | | | |
| Incentive shares | thousands | 336 | 574 | 594 | 431 | 313 |
| Investment shares | thousands | 259 | 932 | 940 | 709 | 556 |

¹ Estimated provisional amount, will be determined on 1 April 2014.

² Expected number.

In the consolidated financial statements as at 31 December 2013, €35 million (previous year: €34 million) was recognised in equity for the granting of variable remuneration components;

■ [Note 39](#).

Long-Term Incentive Plan (2006 LTIP) for members of the Board of Management

Since 1 July 2006, the members of the Board of Management receive stock appreciation rights (SARs) under the 2006 LTIP. Each SAR under the 2006 LTIP entitles the holder to receive a cash settlement equal to the difference between the average closing price of Deutsche Post shares during the last five trading days before the exercise date and the issue price of the SAR.

The members of the Board of Management each invest 10% of their fixed annual remuneration (annual base salary) as a personal financial investment every year. The number of SARs issued to the members of the Board of Management is determined by the Supervisory Board. Following a four-year waiting period that

begins on the issue date, the SARs granted can be fully or partly exercised within a period of two years provided an absolute or relative performance target is achieved at the end of the waiting period. Any SARs not exercised during this two-year period will expire. To determine how many – if any – of the granted SARs can be exercised, the average share price or the average index is compared for the reference period and the performance period. The reference period comprises the last 20 consecutive trading days before the issue date. The performance period is the last 60 trading days before the end of the waiting period. The average (closing) price is calculated as the average closing price of Deutsche Post shares in Deutsche Börse AG's Xetra trading system.

The absolute performance target is met if the closing price of Deutsche Post shares is at least 10, 15, 20 or 25% above the issue price. The relative performance target is tied to the performance of the shares in relation to the STOXX Europe 600 Index (SXXP, ISIN EU0009658202). It is met if the share price equals the index performance or if it outperforms the index by at least 10%.

A maximum of four out of every six SARs can be “earned” via the absolute performance target, and a maximum of two via the relative performance target. If neither an absolute nor a relative performance target is met by the end of the waiting period, the SARs attributable to the related tranche will expire without replacement or compensation.

SAR Plan for executives

Since July 2006, selected executives have received annual tranches of SARs under the LTIP. This allows them to receive a cash payment within a defined period in the amount of the difference

between the respective price of Deutsche Post shares and the fixed issue price if demanding performance targets are met (see disclosures on the 2006 LTIP for members of the Board of Management). All SARs granted under the 2006 and 2007 tranches expired at the end of the respective waiting periods, since the related performance targets were not met. After the expiry of the waiting period for the 2008 tranche on 30 June 2011, two-sixths of the SARs granted became exercisable. They were eligible to be exercised shortly before the end of the exercise period, as the share price performed well and exceeded the issue price of €18.40. The exercise period for these SARs terminated on 30 June 2013. The waiting period for the 2009 tranche also ended on 30 June 2013. Due to the strong share price performance since the SARs were issued in 2009, most of these SARs were exercised in 2013.

More details on the 2006 LTIP/SAR Plan tranches are shown in the following table:

LTIP 2006/SAR Plan

| SARs | 2009 tranche | 2010 tranche | 2011 tranche | 2012 tranche | 2013 tranche |
|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Issue date | 1 July 2009 | 1 July 2010 | 1 July 2011 | 1 July 2012 | 1 August 2013 |
| Issue price (€) | 9.52 | 12.27 | 12.67 | 13.26 | 20.49 |
| Waiting period expires | 30 June 2013 | 30 June 2014 | 30 June 2015 | 30 June 2016 | 31 July 2017 |

The fair value of the SAR Plan and the 2006 LTIP was determined using a stochastic simulation model. As a result, an expense of €202 million was recognised for financial year 2013 (previous year: €143 million).

See [Note 55.2](#) for further disclosures on share-based payment for members of the Board of Management. A provision for the 2006 LTIP and the SAR Plan was recognised as at the balance sheet date in the amount of €278 million (previous year: €203 million), of which €64 million (previous year: €25 million) was attributable to the Board of Management. €4 million of the total provision (previous year: €0 million) related to rights exercisable at the reporting date.

55 Related party disclosures

55.1 Related party disclosures (companies and Federal Republic of Germany)

All companies classified as related parties that are controlled by the Group or on which the Group can exercise significant influence are recorded in the list of shareholdings, which can be accessed on the website, www.dpdhl.com/en/investors.html, together with information on the equity interest held, their equity and their net profit or loss for the period, broken down by geographical areas.

Deutsche Post AG maintains a variety of relationships with the Federal Republic of Germany and other companies controlled by the Federal Republic of Germany.

The federal government is a customer of Deutsche Post AG and as such uses the company’s services. Deutsche Post AG has direct business relationships with the individual public authorities and other government agencies as independent individual customers. The services provided for these customers are insignificant in respect of Deutsche Post AG’s overall revenue.

RELATIONSHIPS WITH KfW BANKENGRUPPE

KfW supports the federal government in continuing to privatise companies such as Deutsche Post AG or Deutsche Telekom AG. In 1997, KfW, together with the federal government, developed a “placeholder model” as a tool to privatise government-owned companies. Under this model, the federal government sells all or part of its investments to KfW with the aim of fully privatising these state-owned companies. On this basis, KfW has purchased shares of Deutsche Post AG from the federal government in several stages since 1997 and executed various capital market transactions using these shares. KfW’s current interest in Deutsche Post AG’s share capital is 21%. Deutsche Post AG is thus considered to be an associate of the federal government.

RELATIONSHIPS WITH THE BUNDESANSTALT FÜR POST UND TELEKOMMUNIKATION

The Bundesanstalt für Post und Telekommunikation (BAnstPT) is a government agency and falls under the technical and legal supervision of the German Federal Ministry of Finance. Under the *Bundesanstalt-Reorganisationsgesetz* (German Federal Agency Reorganisation Act), which entered into force on 1 December 2005, the Federal Republic of Germany directly undertakes the tasks relating to holdings in Deutsche Bundespost successor companies through the Federal Ministry of Finance. It is therefore no longer necessary for the BAnstPT to perform the “tasks associated with ownership”. The BAnstPT manages the social facilities such as the Postal Civil Service Health Insurance Fund, the recreation programme, the Versorgungsanstalt der Deutschen Bundespost (VAP) and the welfare service for Deutsche Post AG, Deutsche Postbank AG and Deutsche Telekom AG, as well as setting the objectives for social housing. Since 1 January 2013, the BAnstPT has undertaken the tasks of the special pension fund for postal civil servants (*Post-beamtenversorgungskasse*). The fund makes pension and assistance payments to the beneficiaries and their surviving dependents allocated to the Deutsche Bundespost successor companies. Further disclosures on the special pension fund for postal civil servants can be found in [Note 7](#). The tasks are performed on the basis of agency agreements. In 2013, Deutsche Post AG was invoiced for €65 million (previous year: €70 million) in instalment payments relating to services provided by the BAnstPT.

RELATIONSHIPS WITH THE GERMAN FEDERAL MINISTRY OF FINANCE

In financial year 2001, the German Federal Ministry of Finance and Deutsche Post AG entered into an agreement that governs the terms and conditions of the transfer of income received by Deutsche Post AG from the levying of the settlement payment under the *Gesetze über den Abbau der Fehlsubventionierung im Wohnungswesen* (German Acts on the Reduction of Misdirected Housing Subsidies) relating to housing benefits granted by Deutsche Post AG. Deutsche Post AG transfers the amounts to the federal government on a monthly basis.

Deutsche Post AG also entered into an agreement with the Federal Ministry of Finance dated 30 January 2004 relating to the transfer of civil servants to German federal authorities. Under this agreement, civil servants are seconded with the aim of transferring them initially for six months, and are then transferred permanently if they successfully complete their probation. Once a permanent transfer is completed, Deutsche Post AG contributes to the cost incurred by the federal government by paying a flat fee. In 2013, this initiative resulted in 26 permanent transfers (previous year: 11) and 33 secondments with the aim of a permanent transfer in 2014 (previous year: 16).

RELATIONSHIPS WITH THE GERMAN FEDERAL EMPLOYMENT AGENCY

Deutsche Post AG and the German Federal Employment Agency entered into an agreement dated 12 October 2009 relating to the transfer of Deutsche Post AG civil servants to the Federal Employment Agency. In 2013, as in the previous year, this initiative resulted in no transfers.

RELATIONSHIPS WITH DEUTSCHE TELEKOM AG AND ITS SUBSIDIARIES

The federal government holds around 32% of the shares of Deutsche Telekom AG directly and indirectly (via KfW). A control relationship exists between Deutsche Telekom AG and the federal government because the federal government, despite its non-controlling interest, has a secure majority at the Annual General Meeting due to its average presence there. Deutsche Telekom AG is therefore a related party of Deutsche Post AG. In financial year 2013, Deutsche Post DHL provided goods and services (mainly transport services for letters and parcels) for Deutsche Telekom AG and purchased goods and services (such as IT products) from Deutsche Telekom AG.

RELATIONSHIPS WITH DEUTSCHE BAHN AG AND ITS SUBSIDIARIES

Deutsche Bahn AG is wholly owned by the federal government. Owing to this control relationship, Deutsche Bahn AG is a related party to Deutsche Post AG. Deutsche Post DHL has various business relationships with the Deutsche Bahn Group. These mainly consist of transport service agreements.

BUNDES-PENSIONS-SERVICE FÜR POST UND TELEKOMMUNIKATION E.V.

Disclosures on the Bundes-Pensions-Service für Post- und Telekommunikation e.V. (BPS-PT) can be found in [Note 7](#).

RELATIONSHIP WITH PENSION FUNDS

The real estate with a fair value of €1,016 million (previous year: €995 million), of which Deutsche Post Betriebsrenten Service e.V. (DPRS) and/or Deutsche Post Pensions-Treuhand GmbH & Co. KG, Deutsche Post Betriebsrenten-Service e.V. & Co. Objekt Gronau KG and Deutsche Post Grundstücks-Vermietungsgesellschaft beta mbH Objekt Leipzig KG are the legal or beneficial owners, is exclusively let to Deutsche Post Immobilien GmbH. Rental expense for Deutsche Post Immobilien GmbH amounted to €66 million in 2013 (previous year: €65 million). The rent was always paid on time. Deutsche Post Pensions-Treuhand GmbH & Co. KG owns 100% of Deutsche Post Pensionsfonds AG. Further disclosures on pension funds can be found in [Notes 7 and 44](#).

RELATIONSHIPS WITH UNCONSOLIDATED COMPANIES, ASSOCIATES AND JOINT VENTURES

In addition to the consolidated subsidiaries, the Group has direct and indirect relationships with unconsolidated companies, associates and joint ventures deemed to be related parties of the Group in the course of its ordinary business activities. As part of these activities, all transactions for the provision of goods and services entered into with unconsolidated companies were conducted on an arm's length basis at standard market terms and conditions.

Transactions were conducted in financial year 2013 with major related parties, resulting in the following items in the consolidated financial statements:

| €m | 2012 | 2013 |
|--|------------|------------|
| Receivables | 7 | 5 |
| from associates | 1 | 1 |
| from joint ventures | 3 | 3 |
| from unconsolidated companies | 3 | 1 |
| Loans | 11 | 15 |
| to associates | 0 | 0 |
| to joint ventures | 0 | 0 |
| to unconsolidated companies | 11 | 15 |
| Receivables from in-house banking | 2 | 2 |
| from associates | 0 | 0 |
| from joint ventures | 2 | 2 |
| from unconsolidated companies | 0 | 0 |
| Financial liabilities | 93 | 83 |
| to associates | 2 | 0 |
| to joint ventures | 7 | 5 |
| to unconsolidated companies | 84 | 78 |
| Liabilities | 42 | 46 |
| to associates | 0 | 0 |
| to joint ventures | 35 | 43 |
| to unconsolidated companies | 7 | 3 |
| Revenue | 80 | 36 |
| from associates ¹ | 46 | 0 |
| from joint ventures | 33 | 35 |
| from unconsolidated companies | 1 | 1 |
| Expenses² | 264 | 189 |
| due to associates ¹ | 66 | 0 |
| due to joint ventures | 176 | 167 |
| due to unconsolidated companies | 22 | 22 |

¹ Revenue and expenses include Deutsche Postbank AG-related amounts up to and including February 2012.

² Relate to materials expense and staff costs.

Deutsche Post AG issued letters of commitment in the amount of €81 million (previous year: €101 million) for these companies. Of this amount, €76 million (previous year: €94 million) was attributable to associates, €1 million (previous year: €3 million) to joint ventures and €4 million (previous year: €4 million) to unconsolidated companies.

55.2 Related party disclosures (individuals)

In accordance with IAS 24, the Group also reports on transactions between the Group and related parties or members of their families. Related parties are defined as the Board of Management, the Supervisory Board and the members of their families.

There were no reportable transactions or legal transactions involving related parties in financial year 2013.

The remuneration of key management personnel of the Group requiring disclosure under IAS 24 comprises the remuneration of the active members of the Board of Management and the Supervisory Board.

The active members of the Board of Management and the Supervisory Board were remunerated as follows:

| €m | 2012 | 2013 |
|--|-----------|-----------|
| Short-term employee benefits (excluding share-based payment) | 15 | 14 |
| Post-employment benefits | 3 | 3 |
| Termination benefits | 0 | 0 |
| Share-based payment | 19 | 47 |
| Total | 37 | 64 |

As well as the aforementioned benefits for their work on the Supervisory Board, the employee representatives who are on the Supervisory Board and employed by the Group also receive their normal salaries for their work in the company. These salaries are determined at levels that are commensurate with the salary appropriate for the function or work performed in the company.

Post-employment benefits are recognised as the service cost resulting from the pension provisions for active members of the Board of Management. The corresponding liability amounted to €23 million as at the reporting date (previous year: €20 million).

The share-based payment amount relates to the relevant expense recognised for financial years 2012 and 2013. It is itemised in the following table:

Share-based payment

| Thousands of € | 2012 | 2013 |
|------------------------------|---------------|---------------|
| | SARS | SARS |
| Dr Frank Appel, Chairman | 4,188 | 12,894 |
| Ken Allen | 2,558 | 7,322 |
| Roger Crook | 626 | 3,460 |
| Bruce Edwards | 2,648 | 7,610 |
| Jürgen Gerdes | 2,597 | 7,428 |
| Lawrence Rosen | 2,590 | 7,311 |
| Walter Scheurle ¹ | 4,050 | – |
| Angela Titzrath ² | 136 | 1,183 |
| Share-based payment | 19,393 | 47,208 |

¹ Until 30 April 2012.

² Since 1 May 2012.

55.3 Remuneration disclosures in accordance with the HGB**BOARD OF MANAGEMENT REMUNERATION**

The total remuneration paid to the active members of the Board of Management in financial year 2013 including the components with a long-term incentive effect totalled €20.5 million (previous year: €20.3 million). Of this amount, €7.8 million (previous year: €7.6 million) is attributable to non-performance-related components (annual base salary and fringe benefits), €5.4 million (previous year: €5.7 million) to performance-related components (variable components) and €7.3 million (previous year: €7.0 million) to components with a long-term incentive effect (SARs). The number of SARs was 1,984,818 (previous year: 2,108,466).

FORMER MEMBERS OF THE BOARD OF MANAGEMENT

The remuneration of former members of the Board of Management or their surviving dependants amounted to €4.4 million in the year under review (previous year: €4.6 million). The defined benefit obligation (DBO) for current pensions calculated under IFRSs amounted to €72 million (previous year: €78 million).

REMUNERATION OF THE SUPERVISORY BOARD

The total remuneration of the Supervisory Board in financial year 2013 amounted to around €1.4 million (previous year: €1.9 million); €1.2 million of this amount was attributable to a fixed component (previous year: €1.2 million) and €0.2 million to attendance allowances (previous year: €0.2 million). The conditions for the performance-based remuneration for 2011 were not met as at 31 December 2013 (previous year: payment of €0.4 million to active members of the Supervisory Board as performance-based remuneration for financial year 2010 and of €42 thousand to former members of the Supervisory Board).

Further information on the itemised remuneration of the Board of Management and the Supervisory Board can be found in the Corporate Governance Report. The remuneration report contained in the Corporate Governance Report also forms part of the Group Management Report.

SHAREHOLDINGS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

As at 31 December 2013, shares held by the Board of Management and the Supervisory Board of Deutsche Post AG amounted to less than 1% of the company's share capital.

REPORTABLE TRANSACTIONS

The transactions of Board of Management and Supervisory Board members involving securities of the company and notified to Deutsche Post AG in accordance with section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) can be viewed on the company's website at www.dpdhl.com/en/investors.html.

56 Auditor's fees

The following fees for services rendered by the auditor of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, were recognised as an expense in financial year 2013 and in the previous year:

| €m | 2012 | 2013 |
|---------------------------------------|-----------|-----------|
| Audits of the financial statements | 5 | 5 |
| Other assurance or valuation services | 3 | 3 |
| Tax advisory services | 0 | 0 |
| Other services | 2 | 2 |
| Auditor's fees | 10 | 10 |

57 Exemptions under the HGB and local foreign legislation

For financial year 2013, Deutsche Post AG has exercised the simplification options under section 264(3) of the HGB or section 264b of the HGB for the following companies:

- Adcloud GmbH
- Agheera GmbH
- Albert Scheid GmbH
- CSG GmbH
- CSG.TS GmbH
- Danzas Deutschland Holding GmbH
- Danzas Grundstücksverwaltung Groß-Gerau GmbH
- Deutsche Post Adress Beteiligungsgesellschaft mbH
- Deutsche Post Assekuranz Vermittlungs GmbH
- Deutsche Post Beteiligungen Holding GmbH
- Deutsche Post Com GmbH
- Deutsche Post Consult GmbH
- Deutsche Post Customer Service Center GmbH
- Deutsche Post DHL Beteiligungen GmbH
- Deutsche Post DHL Corporate Real Estate Management GmbH
- Deutsche Post DHL Inhouse Consulting GmbH
- Deutsche Post DHL Research and Innovation GmbH
- Deutsche Post Direkt GmbH
- Deutsche Post E-Post Development GmbH
- Deutsche Post E-POST Solutions GmbH
- Deutsche Post Fleet GmbH
- Deutsche Post Immobilien GmbH
- Deutsche Post InHaus Services GmbH
- Deutsche Post Investments GmbH
- Deutsche Post IT BRIEF GmbH
- Deutsche Post IT Services GmbH
- Deutsche Post Shop Essen GmbH
- Deutsche Post Shop Hannover GmbH
- Deutsche Post Shop München GmbH
- Deutsche Post Signtrust und DMDA GmbH
- DHL Airways GmbH
- DHL Automotive GmbH

- DHL Automotive Offenau GmbH
- DHL Express Germany GmbH
- DHL Express Network Management GmbH
- DHL Fashion Retail Operation GmbH
- DHL Foodservices GmbH
- DHL Freight Germany Holding GmbH
- DHL Freight GmbH
- DHL Global Forwarding GmbH
- DHL Global Forwarding Management GmbH
- DHL Global Management GmbH
- DHL Home Delivery GmbH
- DHL Hub Leipzig GmbH
- DHL International GmbH
- DHL Logistics GmbH
- DHL Solutions Fashion GmbH
- DHL Solutions GmbH
- DHL Solutions Großgut GmbH
- DHL Solutions Retail GmbH
- DHL Supply Chain (Leipzig) GmbH
- DHL Supply Chain Management GmbH
- DHL Supply Chain vAS GmbH
- DHL Trade Fairs & Events GmbH
- DHL Vertriebs GmbH
- DHL Verwaltungs GmbH
- Erste End of Runway Development Leipzig GmbH
- Erste Logistik Entwicklungsgesellschaft MG GmbH
- European Air Transport Leipzig GmbH
- FIRST MAIL Düsseldorf GmbH
- Gerlach Zolldienste GmbH
- interServ Gesellschaft für Personal- und Beraterdienstleistungen mbH
- nugg.ad AG predictive behavioral targeting
- Werbeagentur Janssen GmbH
- Williams Lea & TAG GmbH (formerly Williams Lea GmbH)
- Zweite Logistik Entwicklungsgesellschaft MG GmbH

The following companies make use of the audit exemption under section 479A of the UK Companies Act:

- Applied Distribution Group Ltd.
- DHL Exel Supply Chain Ltd.
- Exel Investments Ltd.
- Exel Overseas Ltd.
- Fashion Logistics Ltd.
- Freight Indemnity & Guarantee Company Ltd.
- Joint Retail Logistics Ltd. (formerly Tibbett & Britten Group Ltd.)
- Ocean Group Investments Ltd.
- Ocean Overseas Holdings Ltd.
- Power Europe Development Ltd.
- Power Europe Development No 3 Ltd.
- Power Europe Operating Ltd.
- RDC Properties Ltd.
- T & B Applied Ltd.
- Trucks and Child Safety Ltd.

58 Declaration of Conformity with the German Corporate Governance Code

The Board of Management and the Supervisory Board of Deutsche Post AG jointly submitted the Declaration of Conformity with the German Corporate Governance Code for financial year 2013 required by section 161 of the AktG. This Declaration of Conformity can be accessed online at www.corporate-governance-code.de and at www.dpdhl.com/en/investors.html.

59 Significant events after the balance sheet date

At the end of January, Deutsche Post DHL announced that it had entered into a new contract with US airline Southern Air, thereby expanding and extending the partnership with the airline. Lease obligations amounting to US\$ 640 million will arise in this context.

The domestic parcel business in Poland, the Czech Republic, Belgium and the Netherlands was consolidated in the MAIL division, effective 1 January 2014. This business was previously part of the EXPRESS and GLOBAL FORWARDING, FREIGHT divisions.

On 20 February 2014, the Board of Management, subject to the consent of the Supervisory Board, resolved upon an ordinary increase in capital (Authorised Capital 2013) by 656,915 no par-value shares in order to service the 2009 tranche of the share-based payment system for executives (Share Matching Scheme) due on 1 April 2014. The planned dividend payment will increase by around €0.5 million as a result.

There were no other significant events after the reporting date.

RESPONSIBILITY STATEMENT

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

Bonn, 20 February 2014

Deutsche Post AG
The Board of Management



Dr Frank Appel



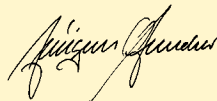
Ken Allen



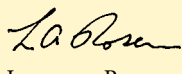
Roger Crook



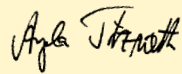
Bruce Edwards



Jürgen Gerdes



Lawrence Rosen



Angela Titzrath

INDEPENDENT AUDITOR'S REPORT

To Deutsche Post AG

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Deutsche Post AG, Bonn, and its subsidiaries, which comprise the income statement and the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity, and the notes to the consolidated financial statements, for the business year from 1 January to 31 December 2013.

BOARD OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Deutsche Post AG, Bonn is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with the International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Management is also responsible for the internal controls as the Board of Management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reason-

ableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDIT OPINION

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at 31 December 2013 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the group management report of Deutsche Post AG, Bonn, for the business year from 1 January to 31 December 2013. The Board of Management of Deutsche Post AG, Bonn, is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 20 February 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann
Wirtschaftsprüfer
(German Public Auditor)

Dietmar Prüm
Wirtschaftsprüfer
(German Public Auditor)