





“Trust and
empowerment make
TNT a great company.”

ANGELA CHIU

TNT Express Hong Kong, Special Services Manager
32 years old, married

TNT EXPRESS HONG KONG

Angela is one of those people you can't help but respect. Not the largest of people, she more than makes up for her stature through her intellect and drive. Add her energy and enthusiasm, sparked especially through conversations about her job, and you know why clients and staff alike are keen to work with her. Last year, she was one of only nine to receive the TNT Express Corporate Exceptional Behaviour Award. This is her first job after graduating from university in Canada. She must have had some good professors as she's making waves in Hong Kong already. Expect much from Angela.

Angela: "Always say thank you. Always stay in touch with your network. And always, always trust yourself. It sounds simple, but in the relatively short time that I've been working it's certainly paid off for me. I think the 'trust yourself' is probably the most important, especially with the variety I am faced with in my position. When I was promoted to Special Services Manager two years ago, my boss told me that I was going to have the most dynamic job within TNT. I have certainly not been disappointed."

"Special Services lives up to its name. Each of our products is interesting and demands a new approach. I've sent out life-saving medical consignments via on-board courier and recently I was responsible for 32 sedan racing cars arriving safely from Australia to Shanghai for the Shanghai V8 Supercars Championship. I had to charter two 747 freighters for that one! Each enquiry requires you to think, think fast, and to create new options."

"In my humble opinion, I think I've got the best job in TNT! Special Services adds that extra bit of flavour to the TNT product range. Everything I do calls for that additional effort, huge creativity and somehow making maximum use of the resources we have at our disposal to meet the wishes of our clients. And they can be demanding, believe me!"

"Several people have asked me why I am still at TNT. Surely, they say, you need to expand your horizons and discover what's out there while you're still young. The thing is - I don't want to! TNT gives me every possible freedom to develop myself. TNT management trusts that their employees have good intentions and that they will invest their best for the company. Of course, not everything goes right first time. But if you put in the effort, the rewards are there. Empowerment works."

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DISCONTINUED OPERATIONS

On 6 December 2005 we announced a strategy to focus on our core competency of providing delivery services by expertly managing delivery networks and our intention of selling the logistics business. On 23 August 2006 we announced that we have signed a Sale and Purchase Agreement on the sale of the logistics business. On 4 November 2006 we completed the sale of the logistics division to affiliates of Apollo Management L.P. As is customary in transactions of this nature, we gave warranties and indemnities and, subject to certain exceptions, have agreed not to engage in the contract logistics business. On 30 October 2006 we announced the decision to divest our freight management business. On 16 November 2006 we signed a Sale and Purchase Agreement to sell our freight management business unit to the French logistics service provider Geodis SA. On 5 February 2007 we completed the sale. The total net proceeds are approximately €450 million. The book gain of the transaction is expected to be approximately €190 million. We have given warranties and indemnities which are customary for transactions of this nature. The Share Purchase Agreement also includes certain restrictions for TNT to compete with activities carried out by freight management.

We refer to Note 8 of our consolidated financial statements for further information on the sale of logistics and freight management.

Our logistics division was reported as discontinued operations/assets held for sale as at 31 December 2005. In our statement

of income for 2006, 2005 and 2004 we have presented the net result of our discontinued logistics business on a separate line 'Profit/(loss) from discontinued operations'.

Our freight management business is also reported as discontinued operations/assets held for sale. Consequently, in our statement of income for 2006, 2005 and 2004 we have presented the net result of our discontinued freight management business on a separate line 'Profit/(loss) from discontinued operations'. We have restated the comparative figures for the 2005 and 2004 statements of income and cash flow to reflect the presentation of the freight management business as a discontinued operation.

FINANCIAL REVIEW

The condensed financial review shown hereafter, relates to both the logistics business and freight management business. The review will briefly focus on the statements of income and cash flow statements. It should be noted that the 2006 figures for the logistics business are as of and through 4 November 2006 (10 months) and are therefore not fully comparable to 2005 (12 months).

COMBINED STATEMENTS OF INCOME

The combined statements of income relate to the discontinued operations for our logistics and freight management businesses.

COMBINED STATEMENTS OF INCOME	Year ended at 31 December			
	2006 US\$	2006 €	2005 €	2004 €
Total operating revenues	4,985	3,777	4,345	3,860
Other income	(32)	(24)	(98)	
Cost of materials	(282)	(214)	(249)	(258)
Work contracted out and other external expenses	(2,874)	(2,178)	(2,412)	(1,987)
Salaries, pensions and social security contributions	(1,325)	(1,004)	(1,209)	(1,154)
Depreciation, amortisation and impairments	(18)	(14)	(104)	(97)
Other operating expenses	(382)	(288)	(279)	(225)
Total operating expenses	(4,881)	(3,698)	(4,253)	(3,721)
Total operating income	72	55	(6)	139
Net financial (expense)/income	(83)	(63)	(69)	(62)
Results from investments in associates	(59)	(45)		(1)
Income taxes	(22)	(17)	(34)	(47)
Profit/(loss) for the year	(92)	(70)	(109)	29
Post-tax result disposal assets held for sale	(115)	(87)		
Profit attributable to minority interests				(3)
Profit/(loss) from discontinued operations	(207)	(157)	(109)	32
Attributable to:				
Logistics business	(202)	(153)	(111)	31
Freight management business	(5)	(4)	2	1

(in millions)

DISCONTINUED OPERATING REVENUES

It should be noted that the 2006 figures for the logistics business are as of and through 4 November 2006 (10 months) and are therefore not fully comparable to 2005 (12 months).

DISCONTINUED OPERATING REVENUES	Year ended at 31 December			
	2006	2006	2005	2004
	US\$	€	€	€
Logistics business	3,871	2,933	3,556	3,581
Freight management business	1,114	844	789	279
Total operating revenues	4,985	3,777	4,345	3,860

(in millions)

Logistics

On a full year basis the 2006 revenues of our discontinued logistics business would be expected to have increased compared to 2005, mainly driven by increases in Italy and new sales contracts in China, South America, South East Asia and Australia. The increase in Italy is largely attributed to higher production across Fiat's manufacturing facilities.

In 2005 the revenues of the discontinued logistics business decreased by €25 million (0.7%) compared to 2004. The decrease was primarily due to contract terminations and lower volumes in Europe and due to the sale of our French operations in the fourth quarter of 2005. This was partly offset by a positive foreign exchange effect caused by the depreciation of the euro against other currencies.

Freight management

In 2006, revenue increased by €55 million (7%) compared to

2005. This predominantly relates to increased revenues generated in the Nordics (Sweden).

In 2005 operating revenues grew organically in all regions with the exception of the Americas. Growth in both air and ocean volumes contributed to the increase in operating revenues. The revenues from freight management Europe were positively influenced by new business. The revenues from freight management Americas were negatively influenced by the loss of one customer in North America and negative foreign exchange effects in South America.

DISCONTINUED OPERATING EXPENSES

It should be noted that the 2006 figures for the logistics business are as of and through 4 November 2006 (10 months) and are therefore not fully comparable to 2005 (12 months).

DISCONTINUED OPERATING EXPENSES	Year ended at 31 December			
	2006	2006	2005	2004
	US\$	€	€	€
Logistics business	(3,783)	(2,866)	(3,475)	(3,448)
Freight management business	(1,098)	(832)	(778)	(273)
Total operating expenses	(4,881)	(3,698)	(4,253)	(3,721)

(in millions)

Logistics

On a full year basis, the operating expenses for the discontinued logistics business would be expected to have increased compared to 2005. Operating expenses increased due to the higher business activities and certain non-recurring charges relating to the sale of our logistics business.

In 2005 operating expenses increased by €27 million compared to 2004. This is significantly influenced by €18 million restructuring costs and €3 million impairment charges in France.

Freight management

In 2006 operating expenses were €54 million higher than 2005. This largely relates to the increase in work contracted out as a consequence of the increase in revenue. As a percentage of revenue these costs have increased marginally from 2005.

Salaries have increased due to new business and for improvements in Finance and Corporate sustainability. Amortisation expenses have reduced due to the former trademark being fully amortised in the fourth quarter of 2005.

Freight management operating expenses have remained generally consistent as a percentage of revenues between 2005 and 2004.

DISCONTINUED OPERATING INCOME AND PROFIT FOR THE YEAR

Logistics

On 4 November 2006 TNT completed the sale of the logistics division to affiliates of Apollo Management L.P. The total transaction value was €1,480 million on a cash and debt free basis. Taking into account deductions by the buyer for finance leases, pension and other employee benefits, and various costs for separation and rebranding, we received proceeds of €1,335 million, of which €15.5 million was received in the form of a 5% equity stake in Louis Topco Limited.

In 2006 discontinued logistics operations resulted in an operating income of €43 million. Included in this income is a €35 million loss in respect of a provision for onerous contracts. In the first quarter of 2006 the remainder of our French operations was sold to the French cargo transport operator Malherbe and Pierre-Michel Mendy/ Groupe Lapegue resulting in a total loss of €26 million, recorded in 'Other income'.

The loss in 2006 of €45 million on 'Result from investments in associates' relates mainly to a €43 million asset impairment in respect of TNT's 20% equity interest in Global Automotive Logistics SAS.

The post-tax transaction loss on disposal assets held for sale of the logistics business amounts to €87 million and includes

various deal related expenses and the portion of our cumulative translation adjustment that relates to our divested logistics business resulting in a charge of €12 million. For 2006 the total loss from discontinued operations related to the logistics business amounted to €153 million.

The total amount of our results from discontinued logistics operations for 2005 includes the results of the sale of the majority of our French operations to Norbert Dentressangle and to Malherbe amounting to a loss of €102 million, pre-tax. The result of the sale was recorded in 'Other income'.

Freight management

In 2006 profit decreased by €6 million compared to 2005. This largely relates to the costs associated with the sale of freight management.

Due to the acquisition of our freight management business in August 2004, operating revenues and operating income for 2005 and 2004 are not comparable.

COMBINED CASH FLOW STATEMENTS

It should be noted that the 2006 figures for the logistics business are as of and through 4 November 2006 (10 months) and are therefore not fully comparable to 2005 (12 months).

COMBINED CASH FLOW STATEMENTS

Year ended at 31 December

	2006	2006	2005	2004
	US\$	€	€	€
Net cash from operating activities	(83)	(63)	43	268
Net cash used in investing activities	(40)	(30)	(22)	(24)
Net cash used in financing activities	48	36	8	(202)
Change in cash from discontinued operations	(75)	(57)	29	42
Cash at the beginning of the year	179	136	101	60
Exchange rate differences	(3)	(2)	6	(1)
Change in cash from discontinued operations	(75)	(57)	29	42
Cash divested with sale Logistics business	(63)	(48)		
Cash at the end of the year	38	29	136	101

(in millions)

In 2006, the net cash from operating activities decreased compared to 2005 as a consequence of the loss from discontinued operation for our logistics business.

In 2005 net cash from operating activities was €225 million lower compared to 2004, primarily due to the loss on disposal of the majority of our French operations and associated costs (€102 million) combined with €44 million lower operating income.