

INTERIM REPORT

for the half year ended June 30, 2015

DEUTSCHE TELEKOM INTERNATIONAL FINANCE B.V.

AMSTERDAM

# Table of contents

## **Report of the directors**

Report of the directors	3
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## **Financial statements (unaudited)**

Statement of comprehensive loss (unaudited)	6
Statement of financial position (unaudited)	7
Statement of changes in equity (unaudited)	8
Statement of cash flows (unaudited)	9
Notes to the financial statements (unaudited)	10

# Report of the directors

## *Directors' report*

The Board of Management is pleased to present the semi-annual report and the semi-annual financial statements of Deutsche Telekom International Finance B.V. (the Company) as of June 30, 2015.

## *Review of financial position and result*

The state of affairs of the Company for the six months that ended June 30, 2015 is adequately presented in the statement of financial position and the statement of comprehensive loss. The course of business of the Company went in line with expectations of the management.

## *Business activities*

On January 19, 2015 the Company redeemed a note with a nominal amount of EUR 1,750,000,000 and loans granted to DTAG, T-Mobile Austria GmbH and Magyar Telekom Public Limited Company, Budapest, Hungary with a total nominal amount of EUR 1,750,000,000 were repaid to the Company.

On January 28, 2015 the Company redeemed a note with a nominal amount of EUR 100,000,000 and a loan granted to DTAG with a nominal amount of EUR 100,000,000 was repaid to the Company.

On April 14, 2015 the Company redeemed a note with a nominal amount of EUR 1,500,000,000 and a loan granted to DTAG with a nominal amount of EUR 1,500,000,000 was repaid to the Company.

On May 26, 2015 the Company redeemed a loan from the European Investment Bank with a nominal amount of HUF 50,586,000,000 and a loan granted to Magyar Telekom Public Limited Company, Budapest, Hungary with a nominal amount of HUF 50,586,000,000 was repaid to the Company..

The Company made a semi-annual net profit of EUR 2,939,838 versus a semi-annual net loss of EUR 20,055,361 for the first half year of 2014.

On March 10, 2015 Igor Soczynski was relieved from his function as one of the Managing Directors. Markus Schäfer was appointed as Managing Director on the same date.

## *Future business developments and financing*

The management does not anticipate any major changes of its financing activities during the current financial year. Since derivatives are carried at fair value and the non-derivative instruments at amortized costs, the result of the Company under IFRS is volatile. However, we expect net positive cash flows for the year ending December 31, 2015 as well as in each of the following years.

### *Management representation*

Management declares that, to the best of their knowledge, the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and results of the Company. The semi-annual management report includes a fair review of the development and performance of the business and the position of the Company.

Maastricht, August 7, 2015

The Managing Directors,

Markus Schäfer

Frans Roose

## Financial statements (unaudited)

## Statement of comprehensive profit and loss (unaudited)

	Six months ended June 30,	
thousands of €	2015	2014
Finance income (expense)		
Interest income	614.850	633.754
Interest expense	(636.322)	(680.358)
Other financial income (expense)	25.535	20.030
<b>Profit (Loss) from financial activities</b>	<b>4.063</b>	<b>(26.574)</b>
General and administrative expenses	(165)	(188)
Other operating income	8	9
Other operating expenses	-	-
<b>Profit (Loss) from operations</b>	<b>(157)</b>	<b>(179)</b>
<b>Profit (Loss) before income taxes</b>	<b>3.906</b>	<b>(26.753)</b>
Income taxes	(966)	6.698
<b>Profit (Loss) after income taxes</b>	<b>2.940</b>	<b>(20.055)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
Profit (Loss) attributable to owners:	2.940	(20.055)
Total comprehensive profit (loss) attributable to the owners:	2.940	(20.055)

## Statement of financial position (unaudited)

thousands of €	30.06.2015	31.12.2014
<b>Assets</b>		
<b>Current assets</b>	<b>2.905.352</b>	<b>4.236.215</b>
Cash and cash equivalents	-	1
Financial assets	2.904.851	4.235.691
Income tax receivable	500	521
Other assets	1	2
<b>Non-current assets</b>	<b>19.856.967</b>	<b>21.462.548</b>
Property, plant and equipment	3	3
Financial assets	19.856.964	21.462.544
Other assets	-	1
<b>Total Assets</b>	<b>22.762.319</b>	<b>25.698.763</b>
<b>Liabilities and shareholder's equity</b>		
<b>Current liabilities</b>	<b>2.885.639</b>	<b>4.199.068</b>
Financial liabilities	2.879.452	4.198.966
Other liabilities	6.187	102
<b>Non-current liabilities</b>	<b>19.571.029</b>	<b>21.192.044</b>
Financial liabilities	19.473.247	21.094.474
Deferred tax liability	97.782	97.570
<b>Liabilities</b>	<b>22.456.668</b>	<b>25.391.112</b>
<b>Shareholder's equity</b>	<b>305.651</b>	<b>307.651</b>
Issued Capital	454	454
Other reserves	407.691	407.691
Retained earnings	(105.434)	(89.654)
Net profit (loss)	2.940	(10.840)
<b>Total Liabilities and shareholder's equity</b>	<b>22.762.319</b>	<b>25.698.763</b>

## Statement of changes in equity (unaudited)

thousands of €	Issued share capital	Other reserves	Retained earnings	Result for the year	Total
<b>Balance as at January 1, 2015</b>	<b>454</b>	<b>407.691</b>	<b>(89.654)</b>	<b>(10.840)</b>	<b>307.651</b>
Result current year				2.940	2.940
Unappropriated net profit (loss) carried forward			(10.841)	10.841	-
Dividends paid			(4.939)		(4.939)
<b>Balance as at June 30, 2015</b>	<b>454</b>	<b>407.691</b>	<b>(105.434)</b>	<b>2.940</b>	<b>305.651</b>

thousands of €	Issued share capital	Other reserves	Retained earnings	Result for the year	Total
<b>Balance as at January 1, 2014</b>	<b>454</b>	<b>407.691</b>	<b>23.120</b>	<b>(110.093)</b>	<b>431.265</b>
Result current year				(10.840)	(10.840)
Unappropriated net loss carried forward			(110.093)	110.093	-
Dividends paid			(2.681)		(2.681)
<b>Balance as at December 31, 2014</b>	<b>454</b>	<b>407.691</b>	<b>(89.654)</b>	<b>(10.840)</b>	<b>307.651</b>



## Statement of cash flows (unaudited)

thousands of €	Six months ended June 30,	
	2015	2014
Proceeds from repayments of loans	3.818.392	968.967
Cash outflows for investments in loans	-	-
Net cash inflow from investments and repayments of derivatives	(301.904)	31.033
Interest received	810.617	797.351
Interest paid	(873.102)	(877.535)
Net interest received (paid) from derivatives	74.960	94.753
Guarantee fees paid	(10.659)	(10.645)
Cash inflow from deposits	-	679
Net income tax paid	(734)	(914)
Others	(269)	(229)
<b>Net cash from operating activities</b>	<b>3.517.301</b>	<b>1.003.460</b>
Repayment of financial liabilities	(3.513.748)	(1.000.000)
Proceeds from issue of financial liabilities	-	-
Dividend payments	(4.939)	(2.681)
<b>Net cash from financing activities</b>	<b>(3.518.687)</b>	<b>(1.002.681)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1.386)</b>	<b>779</b>
<b>Cash and cash equivalents, at the beginning of the period</b>	<b>10.680</b>	<b>8.118</b>
<b>Cash and cash equivalents, at the end of the period</b>	<b>9.294</b>	<b>8.897</b>

# Notes to the financial statements

## General information

Deutsche Telekom International Finance B.V. (hereafter “the Company”) is the financing company of Deutsche Telekom AG, Bonn, Germany (hereafter “DTAG”). Its principal activity consists of the issuance of debt instruments and funding of the Deutsche Telekom Group. The Company, with its statutory seat in Amsterdam and which has its office at Stationsplein 8-K, 6221 BT Maastricht, the Netherlands, is a 100% subsidiary of DTAG, which is also the ultimate parent of the Company. The Company’s financial statements are included in the consolidated financial statements of DTAG.

## Basis of preparation

The single entity semi annual accounts have been drawn up in accordance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. It does not contain all the information that is required for the full year financial report and needs to be read in combination with the annual accounts 2014 of the Company, which have been prepared in accordance with IFRS. The principles applied in preparing the half yearly accounts of the Company are similar to those applied by drawing up the annual accounts 2014 of the Company.

## Changes in accounting policies

There have not been any changes in accounting policies in the first half year of 2015.

## Judgements and estimates

The Company exercises judgement in measuring and recognizing provisions. Judgement is necessary in assessing the likelihood that a liability will arise and to quantify the possible range of the final settlement. These estimates are subject to change as new information becomes available.

Regarding assumptions made for the calculation of fair values we refer to the section under accounting policies (derivative financial instruments) of the annual report for the year ended December 31, 2014.

## Cash and cash equivalents

For the purpose of the half yearly cash flow statement, cash and cash equivalents are comprised of cash and the net amount from the cash pooling with DTAG, which is measured at cost. This amount is included in the financial assets in the statement of financial position.

## Income taxes

Income tax expense is recognized based on management's best estimate of the effective income tax rate for the complete fiscal year. The estimated effective tax rate used for the year to June 30, 2015 is 25.0%.

## Dividends

The Shareholders' meeting decided to pay a dividend of EUR 4,939,420.22 in 2015 relating to the fiscal year ending December 31, 2014. The Company did pay a dividend of EUR 2,680,521.16 in 2014 relating to the fiscal year December 31, 2013.

## Post statement of financial position events

No other events occurred since June 30, 2015, which would make the present financial position substantially different from that shown in the statement of financial position as that date, or which would require adjustment to or disclosure in the semi-annual financial statements.