Annual report

for the year ended December 31, 2009

Deutsche Telekom International Finance B.V.

Amsterdam

Table of contents

Annual report of the directors

Annual report of the directors 4

Financial statements

Statement of comprehensive income 7

Statement of financial position 8

Statement of cash flows 9

Notes to the financial statements 10

Other information

Profit appropriation according to the Articles of Association 39

Proposed appropriation of profit 39

Post statement of financial position events 39

Auditor’s report 40

Annual report of the directors

Annual report of the directors

Directors' report

The Board of Management is pleased to present the annual report and financial statements of Deutsche Telekom International Finance B.V. (the Company) for the financial year ended December 31, 2009.

Review of financial position and result

The state of affairs of the Company at the closing of the financial year is adequately presented in the statement of financial position and the statement of comprehensive income. The course of business of the Company went in line with expectations of the management.

Business activities

In 2009 the Company issued five Medium Term Notes (MTNs) under its Debt Issuance Programme (DIP). On April 9, 2009 the Company issued an MTN of nominal GBP 700.000.000, on May 19, 2009 an MTN of nominal EUR 100.000.000, on June 2, 2009 an MTN of nominal EUR 500.000.000, on July 27, 2009 an MTN of nominal EUR 350.000.000 and on November 20, 2009 an MTN of nominal EUR 50.000.000.

The Company also issued two bonds in 2009. On January 20, 2009 the Company issued a bond of nominal EUR 2.000.000.000 under its DIP and on June 22, 2009 the Company issued a bond of nominal USD 1.500.000.000 in two tranches under its US Debt Shelf.

On January 30, 2009 the Company paid the first contractual annual instalment of HUF 9.486.320.000 of its HUF 47.431.600.000 loan from the European Investment Bank (EIB).

On March 23, 2009 the Company redeemed one tranche of a bond with a nominal amount of USD 1.000.000.000.

Eight MTNs were repaid in 2009. On February 2, 2009 the Company repaid an MTN of nominal EUR 500.000.000, on March 5, 2009 an MTN of nominal EUR 500.000.000, on April 22, 2009 an MTN of nominal EUR 500.000.000, on August 17, 2009 an MTN of nominal EUR 500.000.000, on August 25, 2009 an MTN of nominal EUR 20.800.000, on October 7, 2009 an MTN of nominal EUR 500.000.000, on November 23, 2009 an MTN of nominal EUR 500.000.000 and on December 8, 2009 an MTN of nominal EUR 500.000.000.

During 2009 the Company granted several new loans to DTAG for the total nominal amounts per respective currency of EUR 3.020.173.492, USD 1.500.000.000 and GBP 700.000.000. During 2009 some loans to DTAG have been assumed by other group companies for the total nominal amounts per respective currency of EUR 548.698.616 and GBP 100.000.000.

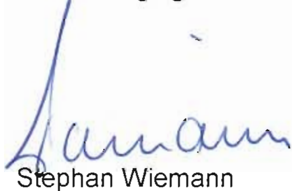
The Company achieved a net profit of EUR 18.041.942 versus a net profit of EUR 16.543.244 in 2008.

Future business developments and financing

The management does not anticipate any major changes during the current financial year and expects to continue with its financing activities. Since derivatives are carried at fair value and the non-derivative instruments at amortised costs, the result under IFRS of the Company is volatile. However, we expect net positive cash flows in each of the following next years.
The number of personnel is expected to be kept at the same level.

Amsterdam, February 23, 2010

The Managing Directors,



Stephan Wiemann

Robin Sheridan

Financial statements

Statement of comprehensive income

thousands of €	Note	2009	2008
Finance income (costs)	1		
Interest income		1.983.276	2.126.203
Interest expense		(2.054.858)	(2.140.216)
Other financial income (expense)	2	96.450	36.937
Profit (loss) from financial activities		**24.868**	**22.924**
General and administrative expenses	3	(703)	(732)
Other operating income		22	30
Other operating expenses		(0)	(25)
Profit (loss) from operations		**(681)**	**(727)**
Profit (loss) before income taxes		**24.187**	**22.197**
Income taxes	4	(6.145)	(5.654)
Profit (loss) after income taxes		**18.042**	**16.543**
Other comprehensive income		**-**	**-**
Profit attributable to shareholder:		18.042	16.543
Other comprehensive income attributable to shareholder:		-	-

Statement of financial position

(Before proposed appropriation of result)

thousands of €	Note	Dec. 31, 2009	Dec. 31, 2008
Assets			
Current assets		**5.469.059**	**5.042.334**
Financial assets	5	5.467.465	5.041.090
Income tax receivable	4	1.594	1.244
Non-current assets		**28.652.638**	**28.947.294**
Property, plant and equipment		49	55
Financial assets	5	28.652.258	28.946.854
Other assets		331	385
Total Assets		**34.121.697**	**33.989.628**
Liabilities and shareholder's equity			
Current liabilities		**5.531.093**	**5.052.542**
Financial liabilities	6	5.531.024	5.052.476
Other liabilities		69	66
Non-current liabilities		**28.242.228**	**28.598.960**
Financial liabilities	6	28.125.891	28.486.562
Other provisions		15	15
Deferred tax liability	4	116.322	112.383
Liabilities		**33.773.321**	**33.651.502**
Shareholder's equity	7	**348.376**	**338.126**
Issued Capital		454	454
Other reserves		329.880	321.129
Net profit (loss)		18.042	16.543
Total Liabilities and shareholder's equity		**34.121.697**	**33.989.628**

Statement of cash flows

thousands of €	Note	Dec. 31, 2009	Dec. 31, 2008
	8		
Interest paid		(1.863.284)	(1.879.529)
Interest received		1.977.003	1.844.730
Net interest received (paid) from derivatives		(88.946)	64.697
Guarantee fees paid		(15.816)	(15.915)
Income tax paid		(2.555)	(4.094)
Others		(1.225)	(663)
Net cash from operating activities		**5.177**	**9.226**
Cash outflows for investments in			
- Property, plant and equipment		-	(50)
- Loans		(4.842.531)	(13.368.760)
Proceeds from disposal of			
- Property, plant and equipment		-	3
- Loans		4.202.166	12.699.643
Net cash inflow from investments and disposals of derivatives		106.524	294.876
Net cash used in investing activities		**(533.841)**	**(374.288)**
Proceeds from issue of current financial liabilities		-	1.318.701
Repayment of current financial liabilities		(4.256.803)	(5.465.059)
Proceeds from issue of non-current financial liabilities		4.822.358	5.614.248
Repayment of non-current financial liabilities		(31.714)	(1.093.650)
Dividend payments		(7.792)	(10.916)
Net cash from financing activities		**526.049**	**363.324**
Net decrease in cash and cash equivalents		**(2.615)**	**(1.738)**
Cash and cash equivalents, at the beginning of the year		**4.216**	**5.954**
Cash and cash equivalents, at the end of the year		**1.601**	**4.216**

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 at Herengracht 124-128, 1015 BT Amsterdam, 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. The financial statements of the Company for the 2009 financial year were authorised for issue by the Board of Management on February 23, 2010.

Basis of preparation

The single entity financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter “IFRS”) as adopted by the EU. All IFRS issued by the International Accounting Standards Board (hereafter “IASB”), effective at the time of preparation these financial statements and applied by the Company have been adopted by the European Commission for use in the EU. The financial statements of the Company comply with IFRS as issued by the IASB and therefore the term IFRS is used in the following. The Company has opted voluntarily for earlier application of **IFRS 8 ”Operating Segments”** in 2008. Note 9 details the implications of the application of IFRS 8. It has also already adopted the amendments to various IFRS in a collective standard as a result of the first Annual Improvements Projects in May 2008. In the collective standard, the IASB clarified that derivative financial instruments classified as held for trading are not always required to be presented in the balance sheet as current assets or liabilities. The Company reports its held-for-trading derivative financial instruments as either current or non-current depending on the maturity of the particular contract. The financial year corresponds to the calendar year. Both the functional and presentation currency of the Company is Euro. All values are rounded to the nearest thousand except when otherwise indicated.

Initial application of standards, interpretations and amendments to standards and interpretations in the financial year

In the financial year, the Company applied for the first time the following IASB pronouncements and/or amendments to such pronouncements that have an impact on the presentation of the Company’s **results of operations, financial position or cash flows**:

- IAS 1 "Presentation of Financial Statements," and
- IFRS 7 "Financial Instruments: Disclosures."

For further details of the effects of the initial application, please refer to the section "Change in accounting policies."

None of the following IASB pronouncements or amendments to such pronouncements that are applicable in the 2009 financial year for the first time had any impact or a material impact on the presentation of the Company's results of operations, financial position or cash flows.

Pronouncement	Date of issue by the IASB	Title
IAS 23	March 29, 2007	Borrowing Costs
IFRIC 13	June 28, 2007	Customer Loyalty Programmes
IFRS 2	January 17, 2008	Share-based Payment
IAS 32	February 14, 2008	Financial Instruments: Presentation
IFRS 1 / IAS 27	May 22, 2008	First-time Adoption of International Financial Reporting Standards / Consolidated and Separate Financial Statements
IFRIC 15	July 3, 2008	Agreements for the Construction of Real Estate
IFRIC 16	July 3, 2008	Hedges of a Net Investment in Foreign Operation
IFRIC 18	January 29, 2009	Transfer of Assets from Customers
IFRS 9 / IAS 39	March 12, 2009	Reassessment of Embedded Derivatives / Financial Instruments: Recognition and Measurement

Standards, interpretations and amendments issued, but not yet adopted

In January 2008, the IASB issued the revised standards **IFRS 3 "Business Combinations"** and **IAS 27 "Consolidated and Separate Financial Statements."** The standards are the result of the second phase of the project undertaken jointly with the Financial Accounting Standards Board (FASB) to reform the accounting for business combinations. The revised IFRS 3 and IAS 27 were endorsed by the European Union in June 2009. The main changes that the revised IFRS 3 will make to the existing requirements are described below:

The revised standard gives the option of measuring non-controlling interests either at fair value or at the proportionate share of the net identifiable assets. This option can be exercised for each business combination individually.

In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at the date the acquirer obtains control. Goodwill shall then be determined as the difference between the remeasured carrying amount plus consideration transferred for the acquisition of the new shares, minus net assets acquired.

Contingent consideration shall be measured at fair value at the acquisition date and classified either as equity, or as asset or liability at the acquisition date. Agreed contingent consideration shall be recognized subsequently in accordance with the classification determined at the acquisition date.

Acquisition-related costs incurred in connection with business combinations shall be recognized as expenses. For changes in contingent consideration classified as a liability at the acquisition

date, goodwill cannot be remeasured subsequently.
According to the revised IFRS 3, effects from the settlement of relationships existing prior to the business combination shall not be part of the exchange for the acquiree.
In contrast to the previous version of IFRS 3, the revised standard governs the recognition and measurement of rights that were granted to another entity prior to the business combination and which are now reacquired as part of the business combination (reacquired rights).
The main changes that the revised IAS 27 will make to the existing requirements are described below:
Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control shall only be accounted for within equity. If a parent loses control of a subsidiary it shall derecognize the consolidated assets and liabilities. The new requirement is that any investment retained in the former subsidiary shall be recognized at fair value at the date when control is lost; any differences resulting from this shall be recognized in profit or loss. When losses attributed to the minority (non-controlling) interests exceed the minority's interests in the subsidiary's equity, these losses shall be allocated to the non-controlling interests even if this results in a deficit balance.
The revised IFRS 3 shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first financial year beginning on or after July 1, 2009. Earlier application is permitted, however, at the earliest at the beginning of a financial year beginning on or after June 30, 2007. The provisions of IAS 27 shall be effective for financial years beginning on or after July 1, 2009. Earlier application is permitted. However, the earlier application of one of these two standards requires that the other standard is also applied at the same earlier time. The adoption of the standards will not have an impact on the Company’s results of operations, financial position or cash flows.

In July 2008, the IASB issued an amendment to **IAS 39, "Financial Instruments: Recognition and Measurement."** The European Union endorsed the amendment to IAS 39 in September 2009. The amendment on eligible hedged items specifies that an entity may designate an option as a hedge of changes in the cash flows or fair value of a hedged item above or below a specified price or other variable. The amendment to IAS 39 is effective for financial years beginning on or after July 1, 2009. The provisions are to be applied retrospectively. The amendment to the standard is not expected to have an impact on the Company’s results of operations, financial position or cash flows.

In November 2008, the IASB issued the revised **IFRS 1 "First-time Adoption of International Financial Reporting Standards."** The revised standard was endorsed by the European Union in November 2009 and is effective for financial years beginning on or after July 1, 2009. In addition, IFRS 1 was amended in July 2009 to add two additional exemptions for first-time adopters. These

exemptions have not yet been endorsed by the European Union and are effective for financial years beginning on or after January 1, 2010. None of the amendments to IFRS 1 are relevant for the Company’s financial reporting.

In November 2008, the IFRIC issued **IFRIC 17 "Distribution of Non-Cash Assets to Owners."** The European Union endorsed IFRIC 17 in November 2009. The interpretation provides guidance on the recognition and measurement of liabilities arising from dividends paid in the form of assets other than cash (e.g., property, plant and equipment) and clarifies how any difference between the carrying amount of the assets distributed and the fair value of the dividend paid should be accounted for. IFRIC 17 is effective for financial years beginning on or after July 1, 2009. The adoption of IFRIC 17 is not expected to have an impact on the Company’s results of operations, financial position or cash flows.

In April 2009, the IASB issued **"Improvements to IFRSs"** – a collection of necessary, but non-urgent, amendments to existing IFRSs. This is the second pronouncement published as part of the Annual Improvements Project and contains amendments to twelve existing standards and interpretations. The European Union has not yet endorsed the amendments. Unless otherwise specified in the respective standard, the amendments are effective for financial years beginning on or after January 1, 2010. The amendments are not expected to have a material impact on the presentation of the Company’s results of operations, financial position or cash flows.

In June 2009, the IASB issued amendments to **IFRS 2 "Share-based Payment."** The European Union has not yet endorsed the amendments. These amendments clarify the accounting for group-settled share-based payment transactions. In these arrangements, the subsidiary receives goods or services from employees or suppliers, but its parent or another entity in the group must pay those suppliers. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The IASB additionally clarified that in IFRS 2 a ‘group’ has the same meaning as in IAS 27 "Consolidated and Separate Financial Statements." The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 "Scope of IFRS 2" and IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions." As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendments to IFRS 2 are effective retrospectively for financial years beginning on or after January 1, 2010. The amendments are not expected to have an impact on the presentation of the Company’s results of operations, financial position or cash flows.

In October 2009, the IASB issued an amendment to **IAS 32 "Financial Instruments: Presentation."** The European Union endorsed this amendment in December 2009. This

amendment clarifies the classification of rights issues as equity or liabilities when the rights are denominated in a currency other than the issuer's functional currency. Previously, such rights issues had been accounted for as derivative liabilities. The amendment requires that if such rights are issued pro rata to an entity's shareholders for a fixed amount of currency, they are to be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is effective for financial years beginning on or after February 1, 2010. The amendment is not expected to have an impact on the presentation of the Company's results of operations, financial position or cash flows.

In November 2009, the IASB issued amendments to **IAS 24 "Related Party Disclosures."** Previously, entities that are controlled or significantly influenced by a government had been required to disclose information about all transactions with entities that are controlled or significantly influenced by the same state. The revised standard still requires disclosures that are important to users of financial statements. However, in the future, information that is costly to produce or that is of little value for users of financial statements will be exempt from this requirement. Only information on transactions that are individually or collectively significant is still to be disclosed. In addition, the definition of a related party was simplified and a number of inconsistencies were eliminated. The European Union has not yet endorsed the amendments. The revised standard is effective retrospectively for reporting periods beginning on or after January 1, 2011. The amendments are not expected to have a material impact on the presentation of the Company's results of operations, financial position or cash flows.

In November 2009, the IASB issued **IFRS 9 "Financial Instruments."** The European Union has not yet endorsed the amendments. The standard is the outcome of the first of three phases of the project to replace IAS 39 "Financial Instruments: Recognition and Measurement" with IFRS 9. IFRS 9 provides guidance on the **classification and measurement of financial assets**. The other phases of the project, in which the classification and measurement of financial liabilities, the impairment of financial instruments, and hedge accounting will be revised, as well as a further project on the derecognition of financial instruments, have not yet been finalized. The IASB is aiming to replace IAS 39 in its entirety by the end of 2010. IFRS 9 requires financial assets to be assigned to one of the following two measurement categories: "at amortized cost" or "at fair value." IFRS 9 also grants a fair value option which allows financial assets that would normally be assigned to the "measured at amortized cost" category to be designated as measured at fair value through profit or loss if the fair value designation would eliminate or significantly reduce an accounting mismatch. The category specified for equity instruments is "at fair value through profit or loss." If, however, the equity instrument is not held for trading, the standard allows an irrevocable election to be made at initial recognition to designate it as at fair value through other comprehensive income. Dividend income resulting from the equity instrument is recognized in

profit or loss. IFRS 9 is effective for financial years beginning on or after January 1, 2013. The provisions are to be applied retrospectively. The amendment is not expected to have a material impact on the presentation of the Company’s results of operations, financial position or cash flows.

In November 2009, the IASB issued an amendment to its requirements on accounting for pension plans. The European Union has not yet endorsed this amendment. The amendment is to **IFRIC 14 "Prepayments of a Minimum Funding Requirement,"** which is an interpretation of IAS 19 "Employee Benefits." The amendment applies in limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover these requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment has an effective date for mandatory adoption of January 1, 2011. Retrospective adoption is required. The amendment is not expected to have an impact on the presentation of the Company’s results of operations, financial position or cash flows.

In November 2009, the IASB issued the interpretation **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments."** The European Union has not yet endorsed IFRIC 19. The interpretation provides guidance on how to interpret IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept equity instruments to settle the financial liabilities fully or partially. IFRIC 19 clarifies that the entity’s equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability fully or partially. In addition, these equity instruments are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments shall be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the initial measurement amount of the equity instruments issued is included in the entity’s profit or loss for the period. The interpretation is effective for financial years beginning on or after July 1, 2010. The adoption of IFRIC 19 is not expected to have an impact on the Company’s results of operations, financial position or cash flows.

Changes in accounting policies

In September 2007, the IASB issued an amendment to **IAS 1 "Presentation of Financial Statements."** The amendments to IAS 1 were endorsed by the European Union in December 2008 and are effective for financial years beginning on or after January 1, 2009. In accordance with the requirements of IAS 1, the Company has retrospectively adjusted the presentation of its results of operations, financial position and cash flows as follows:
IAS 1 (revised) uses the terms “statement of financial position” (previously “balance sheet”) and “statement of cash flows” (previously “cash flow statement”) and introduces a new element of

financial statements termed “ statement of comprehensive income”. The Company adopted the new terminology. All changes in shareholder’s equity resulting from transactions with owners are presented separately from those changes in shareholder’s equity not resulting from transactions with owners (non-owner changes). Income and expenses have been reported separately from transactions with owners in one statement of comprehensive income. The components of other comprehensive income and total comprehensive income are presented in the statement of comprehensive income. The amendment to IAS 1 also requires the relevant amount of income tax per component of other comprehensive income to be stated and the amounts reclassified as other comprehensive income to be presented.
The Company adopted the amendments to IAS 1 in the 2009 financial year and changed the presentation of its financial statements accordingly.

On March 5, 2009, the IASB issued amendments to **IFRS 7 "Financial Instruments: Disclosures."** The amendments are entitled "Improving Disclosures about Financial Instruments – Amendments to IFRS 7" and also contain minor changes to IFRS 4 "Insurance Contracts." The European Union endorsed these amendments in November 2009. The amendments to IFRS 7 relate to disclosures about fair value measurements and disclosures about liquidity risk. The disclosures about fair value measurements specify that detailed information must be provided for each category of financial instruments on the basis of a three-level fair value hierarchy. The scope of the disclosure requirements is also expanded. A distinction is made between three measurement categories:

Level 1: At the top level of the fair value hierarchy, fair values are determined based on quoted prices because the best objective evidence of the fair value of a financial asset or financial liability is quoted prices in an active market.
Level 2: If the market for a financial instrument is not active, an entity can establish fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs.
Level 3: The valuation techniques used at this level are not based on observable market data.
We refer to note 6.

Disclosures about liquidity risk are also clarified and expanded. For example, the maturity analysis must be divided into disclosures about derivative and non-derivative financial liabilities. The amendments shall be applied for financial years beginning on or after January 1, 2009. The Company had already prepared the disclosures about liquidity risk according to the clarifications /

expansions to IFRS 7 in its last annual report. We refer to note 6.

Accounting policies

The accounting policies set out below have been applied consistently in all periods presented in these financial statements.

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, loans, receivables and derivative financial assets held for trading. Financial liabilities generally substantiate claims for repayment in cash or another financial asset. In particular, this includes bonds, medium term notes, liabilities to banks, trade payables and derivative financial liabilities. Financial instruments are generally recognized as soon as the Company becomes a party to the contractual regulations of the financial instrument. However, in the case of regular way purchase or sale (purchase or sale of a financial asset under a contract whose terms require delivery of the assets within the timeframe established generally by regulation or convention in the market place concerned), the settlement date is relevant for the initial recognition and derecognition.

Financial assets are measured at fair value on initial recognition. For all financial assets not subsequently measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are taken into account. The fair values recognized in the statement of financial position generally correspond to the market prices of the financial assets. If these are not immediately available, they must be calculated using standard valuation models on the basis of current market parameters. For this calculation, the cash flows already fixed or determined by way of forward rates using the current yield curve taking into account maturity adjusted spreads are discounted at the measurement date using the discount factors calculated from the yield curve applicable at the reporting date. Mid rates are used.
The Company assesses whether the embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.
The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates the designation at each financial year end.
The Company has not made use of the option of designating financial assets upon initial recognition as financial assets at fair value through profit or loss.
The carrying amounts of the financial assets that are not measured at fair value through profit and loss are tested at each reporting date to determine whether there is objective material evidence of

impairment. Any impairment caused by the fair value being lower or higher than the carrying amount are recognized in profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass through arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Loans and receivables are measured subsequently at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. On each statement of financial position date, the Company tests whether there are any indications of loans being subject to impairment. If any such indications (e.g. a debtor defaults in payments) are present, the recoverable amount of the asset is determined.

The Company uses **derivative financial instruments** to hedge the interest rate and currency risk resulting from its activities. The Company does not hold derivatives for speculative nor trading purposes. The Company does not apply hedge accounting as defined under IAS 39. Derivatives are recognised initially at fair value. Subsequent to initial recognition derivatives are measured at fair value and changes in the fair value of derivatives are recognised immediately in other financial income (expense) in profit or loss. In the case that no market value is available, the fair value must be calculated using standard financial valuation models. The fair value of derivatives is the value that the Company would receive or have to pay if the financial instrument was discontinued at the reporting date. This is calculated on the basis of the contracting parties' relevant exchange rates, interest rates and credit ratings at the reporting date. Calculations are made using mid rates. In the case of interest-bearing derivatives, a distinction is made between the ”clean price” and the ”dirty price”.

In contrast to the clean price the dirty price also includes the interest accrued. The fair values carried correspond to the full fair value or the dirty price.

Other assets are measured at the amount the item is initially recognized less any impairment losses using the effective interest method, if applicable.

Property, plant and equipment is carried at cost less straight-line depreciation and impairment losses. The depreciation period is based on the expected useful life. Items of property, plant and equipment are depreciated pro rata in the year of acquisition. The residual values, useful lives and the depreciation method of the assets are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates in accordance with IAS 8 and adjusted if appropriate at the end of each financial year end. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. Impairment of property, plant and equipment is identified by comparing the carrying amount with the recoverable amounts. At each reporting dated, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the asset must be determined. Impairment losses are reversed if the reasons of recognizing the original impairment loss no longer apply.

Financial liabilities are measured at fair value on initial recognition. For all financial liabilities not subsequently measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are also recognized.

Trade payables and **other non-derivative financial liabilities** are generally measured at amortized cost using the effective interest method. The Company has not yet made use of the option to designate financial liabilities upon initial recognition as financial liabilities at fair value through profit or loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Derivatives that are not part of an effective hedging relationship as set out in IAS 39 must be classified as held for trading and reported at fair value through profit or loss. If the fair values are negative, the derivatives are recognized as financial liabilities.

Other liabilities are generally measured at amortized cost using the effective interest method.

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Interest income (expense) is recognised as it accrues, using the effective interest method.

Other financial income (expense) includes gains (losses) from derivative financial instruments and from foreign exchange. Foreign-currency transactions are translated into the functional currency at the exchange rate at the date of transaction. At statement of financial position dates, monetary items are translated at the closing rate, and non-monetary items are translated at the exchange rate at the date of transaction. Exchange rate differences are recognized in other financial income (expense) in profit or loss.

The exchange rates of significant currencies changed as follows:

in €	Average rate		Rate at balance sheet date	
	2009	**2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
1 Swiss frank (CHF)	0,66222	0,63317	0,67387	0,67200
100 Czech korunas (CZK)	3,78123	4,00894	3,77646	3,75561
1 Pound sterling (GBP)	1,12218	1,25601	1,12387	1,04555
1000 Hungarian forints (HUF)	3,56631	3,97687	3,69609	3,77407
1 U.S. dollar (USD)	0,71692	0,67976	0,69393	0,71617

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted by the statement of financial position date.

Deferred taxes are recognized for temporary differences between the carrying amounts in the statement of financial position and the tax base. Currently enacted tax laws and tax laws that have been substantively enacted as of the statement of financial position date are used as the basis for measuring deferred taxes. Deferred tax assets are only recognized to an extent that they are recoverable in the foreseeable future.

Measurement uncertainties

There have not been any material measurement uncertainties. Regarding assumptions made for the calculation of fair values we refer to the section under accounting policies (derivative financial instruments).

Notes to the statement of comprehensive income

1. Finance income (costs)

The following table provides a breakdown of finance income (costs):

thousands of €	2009	2008
Interest income	1.983.276	2.126.203
Interest expense	(2.054.858)	(2.140.216)
	(71.582)	**(14.013)**
Of which: from financial instruments relating to categories in accordance with IAS 39:		
- Loans and receivables:	1.983.276	2.126.203
- Financial liabilities measured at amortized cost	(2.054.858)	(2.140.216)

Interest income of thousands of euro (hereafter "TEUR") 1.983.239 has been earned from contracts with Deutsche Telekom group companies in 2009 (2008: TEUR 2.126.195). We refer to note 9. In 2009, all interest expense has been derived from group external debt. In 2008, interest expense of TEUR 6.324 has been derived from two loans from DTAG. All other interest expense in 2008 has been derived from group external debt.

2. Other financial income (expense)

The item breaks down as follows:

thousands of €	2009	2008
Gain (loss) from financial instruments	187.354	676.184
Gain (loss) from foreign exchange differences	(90.904)	(639.247)
	96.450	**36.937**

All income components including interest income and expense from financial instruments classified as held for trading in accordance with IAS 39 are reported under other financial income (expense).

All net gains from financial instruments in 2009 (and 2008) are earned from derivative contracts with DTAG.

3. General and administrative expenses

The following table provides a breakdown of total general and administrative expenses:

thousands of €	2009	2008
Personnel costs		
Remuneration Management Board	149	133
Other salaries	153	150
Other social security costs	16	15
Total personnel costs	**318**	**298**
Other general and administrative expenses		
Office rent	41	53
Service fees	119	119
Audit and tax consultancy fees	140	185
Telephone	38	48
Computer lease	7	-
Depreciation	6	13
Other	34	16
Total other general and administrative expenses	**385**	**434**
Total general and administrative expenses	**703**	**732**

The remuneration of the Board of Management consists of short-term employee benefits.

The remuneration of the Supervisory Board in 2009 was nil (2008: nil).

Total expenses recognized for defined contribution plans (state pension plan) in 2009 were TEUR 23 (2008: TEUR 23).

As at December 31, 2009 the Company employed 4 persons (2008: 4).

Service fees of TEUR 119 have been paid in 2009 for services of DTAG (2008: TEUR 119).

Furthermore, computer leasing fees of TEUR 7 have been paid in 2009 to DTAG (2008: TEUR 0).

4. Income tax

Income taxes in the statement of comprehensive income:

The following table provides a breakdown of income taxes in the statement of comprehensive income:

thousands of €	2009	2008
Current income taxes	2.217	2.659
Adjustment in respect of current income tax of prior years	(12)	-
Deferred tax expense (income)	3.940	2.995
	6.145	**5.654**

The following table shows the reconciliation of the effective tax rate:

thousands of €	2009	2008
Profit before income taxes	**24.187**	**22.197**
Expected income tax expense*	6.157	5.654
Income tax expense (benefit) according to income statement	**6.145**	**5.654**
Effective income tax rate (%)	25,41%	25,47%

* Applicable income tax rates in the Netherlands ranged from 20% to 25,5% in 2009 (2008: 20% to 25,5%).
For the Company the applicable income tax rate was 25,5% in 2009 and 2008.

Income taxes in the statement of financial position:

Current income taxes in the statement of financial position refer to recoverable income taxes amounting to TEUR 1.594 as of December 31, 2009 (December 31, 2008: TEUR 1.244). All income taxes are payable in the Netherlands.

Deferred taxes relate to the following key statement of financial position items:

thousands of €	Dec. 31, 2009		Dec. 31, 2008	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Current assets	**100.222**	**(37.507)**	**45.741**	**(387.866)**
Financial assets	100.222	(37.507)	45.741	(387.866)
Non-current assets	**169.435**	**(300.817)**	**167.963**	**(1.468)**
Financial assets	128.260	(300.817)	127.102	(1.468)
Prepaid expenses*	41.175		40.861	
Current liabilities	**4.411**	**(121.717)**	**178.334**	**(96.818)**
Financial liabilities	4.411	(56.626)	178.334	(28.711)
Other deferred income*		(65.091)		(68.107)
Non-current liabilities	**90.267**	**(20.616)**	**26.561**	**(44.830)**
Financial liabilities	90.267	(20.616)	26.561	(44.830)
Total	**364.335**	**(480.657)**	**418.599**	**(530.982)**
Of which: non-current	259.702	(321.434)	194.524	(46.298)
Netting:	(364.335)	364.335	(418.599)	418.599
Recognition:	-	(116.322)	-	(112.383)

* refers to tax balance sheet item

All deferred taxes relate to temporary differences and changes in deferred taxes are recognized in the statement of comprehensive income. There are no deferred taxes that relate to loss carry-forwards.

Notes to the statement of financial position

5. Financial assets

The following table provides a breakdown of the financial assets:

thousands of €	Dec. 31, 2009		Dec. 31, 2008	
	Total	**Of which: current**	**Total**	**Of which: current**
Loans to group companies	31.940.595	4.468.013	31.520.659	4.078.707
Derivative financial instruments	1.392.789	213.113	1.722.257	217.355
Interest receivables	784.738	784.738	740.812	740.812
Cash Pooling	1.601	1.601	4.216	4.216
	34.119.723	**5.467.465**	**33.987.944**	**5.041.090**

Under long-term two loans are included which will be partly paid back in 2010 with USD 4.691.907 (EUR 3.255.874) and HUF 9.486.320.000 (EUR 35.062.292).

As of December 31, 2008, three loans are included in long-term loans which were partly paid back in 2009 as scheduled with USD 26.579.165 (EUR 19.035.152) and HUF 9.486.320.000 (EUR 35.802.036).

The following table provides a breakdown of loans to group companies of DTAG:

thousands of €	Dec. 31, 2009		Dec. 31, 2008	
	Total	**Of which: current**	**Total**	**Of which: current**
Germany*	18.002.782	656.597	15.934.829	2.060.331
USA	9.553.977	3.208.528	10.895.159	1.020.400
UK	1.436.307	285.771	1.621.069	388.331
Other countries	2.947.529	317.117	3.069.602	609.644
	31.940.595	**4.468.013**	**31.520.659**	**4.078.706**

* of which loans to shareholder: TEUR 17.737.208 (2008: TEUR 12.970.630)

The Board of Management has concluded that no impairment is required on any of the Company's loans and receivables due to the following reasons:

- With regard to all loans and receivables, none of those are impaired or past due. There are no indications as of the reporting date that the debtors will not meet their payment obligations.
- DTAG, having a credit-rating of Baa1 at Moody's and BBB+ at S&P and Fitch, has also issued a letter of comfort on November 30, 2004, renewed by a letter of comfort on January 20, 2010, for all repayments of loans to affiliated companies, except for the own risk the Company bears with a maximum of EUR 2 million.

The loans have stated coupon interest rates as per December 31, 2009 of 1,20% to 9,33% (2008: 1,75% to 12,35%) and mature in 1 to 24 years.

The Company uses derivatives entered into before 2009 to hedge the interest rate and currency risks resulting from its financing activities. It does not hold derivatives for speculative nor trading purposes. All derivatives have been contracted with the parent company, DTAG. The Company does not make use of hedge accounting as defined under IAS 39.
Since derivatives are carried at fair value and the non-derivative instruments at amortised costs, the result under IFRS of the Company is volatile. As can be seen from the liquidity analysis under note 6 however, the Company always has net positive cash flows in every year until the last contract expires.

All interest receivables as of December 31, 2009 (and December 31, 2008 respectively) refer to accrued interest from companies of Deutsche Telekom Group, of which TEUR 627.278 relate to DTAG (2008: TEUR 461.121).

The receivable from cash pooling as of December 31, 2009 (and December 31, 2008 respectively) refers to the balance of the inter-company clearing account with DTAG. This item is also the only component of cash and cash equivalent in the statement of cash flows. We refer to note 8.

6. Financial liabilities

The following table provides a breakdown of financial liabilities:

thousands of €	Dec. 31, 2009			
	Total	**due within 1 year**	**due > 1 year < 5 years**	**due > 5 years**
Bonds and other securitized liablities				
Nonconvertible bonds	23.436.182	4.085.382	9.160.799	10.190.001
Medium term notes	8.381.198	280.843	4.599.252	3.501.103
Liabilities to banks	494.996	168.586	140.057	186.353
Guarantee fees	73.275	8.742	17.193	47.340
Interest liabilities	893.839	893.839		
Other financial liabilities	60	60		
Derivative financial instruments	377.365	93.572	107.126	176.667
	33.656.915	**5.531.024**	**14.024.427**	**14.101.464**

In the long-term liabilities to banks due within five years one loan is included that will be repaid in tranches of HUF 9.486.320.000 (EUR 35.062.292) in each of the following four years.

thousands of €	Dec. 31, 2008			
	Total	due within 1 year	due > 1 year < 5 years	due > 5 years
Bonds and other securitized liablities				
Nonconvertible bonds	21.364.647	716.001	12.854.988	7.793.658
Medium term notes	9.992.333	3.518.364	2.783.324	3.690.645
Liabilities to banks	525.648	-	335.432	190.216
Guarantee fees	68.780	8.038	19.862	40.880
Interest liabilities	728.057	728.057		
Other financial liabilities	287	287		
Derivative financial instruments	859.286	81.729	216.228	561.329
	33.539.038	**5.052.476**	**16.209.834**	**12.276.728**

In the long-term liabilities to banks as of Dec. 31, 2008 due within five years one loan was included that will be repaid in tranches of HUF 9.486.320.000 (EUR 35.802.036) in each of the following five years.

Guarantee fee liabilities to be paid to DTAG are paid over the term of the external financial instruments. DTAG provides a full and irrevocable guarantee for all liabilities issued by the Company.

Payment dates mainly relate to the interest payment dates of the external financial liabilities.

In 2008, interest liabilities of TEUR 6.324 refer to accrued interest for two loans from DTAG. In 2009, all interest liabilities refer to group external debt.

Liquidity analysis

The following tables show the contractually agreed (undiscounted) interest payments and repayments of the non-derivative financial liabilities and the derivatives with positive and negative values as of December 31, 2009 and as of December 31, 2008 respectively. All instruments held at December 31, 2009 (December 31, 2008 respectively) and for which payments were already contractually agreed are included. New liabilities are not included in planning data for the future. Each amount in foreign currency was translated at the closing rate prevailing on reporting date. The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2009 (December 31, 2008 respectively). Based on this liquidity analysis the Company expects net positive cash flows in all years presented herein.

The following tables show the liquidity analysis as of December 31, 2009:

thousands of €	2010			2011		
	Interest (including guarantee fees) Fix	Interest Floating	Repayments	Interest (including guarantee fees) Fix	Interest Floating	Repayments
Liabilities (cash payments)						
Bonds	(1.438.006)	-	(4.081.802)	(1.147.377)	-	(3.846.967)
MTNs	(440.641)	(10.773)	(280.968)	(423.222)	(10.747)	(750.000)
Banks Loans	(22.222)	(7.495)	(203.643)	(15.369)	(5.072)	(35.062)
Guarantee Fees	(15.593)	-	-	(13.214)	-	-
Cross currency swaps	(65.845)	(104.213)	(1.738.902)	(20.484)	(90.265)	(351.618)
Interest rate swaps	(212.677)	(216.125)	-	(193.171)	(186.448)	-
Assets (cash receivables)						
Loans to aff. Comp.	1.688.784	118.056	4.498.599	1.422.636	101.380	4.600.230
Cross currency swaps	19.680	119.908	1.817.923	684	102.277	386.863
Interest rate swaps	481.307	103.751	-	391.042	90.847	-
Total	**(5.213)**	**3.109**	**11.207**	**1.525**	**1.972**	**3.446**
Total cash flow for the year			**9.103**			**6.943**

thousands of €	2012-2014			2015-2019		
	Interest (including guarantee fees) Fix	Interest Floating	Repayments	Interest (including guarantee fees) Fix	Interest Floating	Repayments
Liabilities (cash payments)						
Bonds	(2.201.493)	-	(5.338.925)	(1.954.364)	-	(7.054.228)
MTNs	(1.083.787)	(4.120)	(3.873.870)	(1.028.164)	-	(1.430.968)
Banks Loans	(46.107)	(3.369)	(70.125)	(15.369)	-	(186.970)
Guarantee Fees	(27.447)	-	-	(18.902)	-	-
Cross currency swaps	(13.408)	(187.796)	(1.795.525)	-	(17.606)	(1.321.851)
Interest rate swaps	(458.025)	(432.547)	-	(560.221)	(218.676)	-
Assets (cash receivables)						
Loans to aff. Comp.	2.841.700	194.188	9.080.373	2.833.279	17.607	8.518.326
Cross currency swaps	-	246.108	2.009.667	-	22.759	1.500.000
Interest rate swaps	988.798	190.924	-	730.740	200.379	-
Total	**231**	**3.388**	**11.595**	**(13.001)**	**4.463**	**24.309**
Total cash flow for the years			**15.214**			**15.771**

thousands of €	2020-2033		
	Interest (including guarantee fees) Fix	Interest Floating	Repayments
Liabilities (cash payments)			
Bonds	(2.918.634)	-	(3.112.897)
MTNs	(987.264)	-	(2.117.677)
Banks Loans	-	-	-
Guarantee Fees	(20.324)	-	-
Cross currency swaps	-	-	-
Interest rate swaps	(771.667)	(183.688)	-
Assets (cash receivables)			
Loans to aff. Comp.	3.615.352	-	5.310.779
Cross currency swaps	-	-	-
Interest rate swaps	1.012.888	193.061	-
Total	**(69.649)**	**9.373**	**80.205**
Total cash flow for the years			**19.929**

The following tables show the liquidity analysis as of December 31, 2008:

thousands of €	2009			2010		
	Interest (including guarantee fees) Fix	Interest Floating	Repayments	Interest (including guarantee fees) Fix	Interest Floating	Repayments
Liabilities (cash payments)						
Bonds	(1.364.925)	(3.003)	(716.169)	(1.273.233)	-	(4.148.507)
MTNs	(382.955)	(87.695)	(3.520.800)	(332.395)	(32.972)	(261.388)
Banks Loans	(26.289)	(16.521)	(35.802)	(22.068)	(10.969)	(192.635)
Loans from parent company	(6.324)	-	-	-	-	-
Guarantee Fees	(15.772)	-	-	(13.834)	-	-
Cross currency swaps	(154.050)	(166.295)	(1.714.375)	(66.053)	(158.326)	(1.768.929)
Interest rate swaps	(199.880)	(474.092)	-	(217.556)	(385.840)	-
Assets (cash receivables)						
Loans to aff. Comp.	1.737.353	229.150	4.134.084	1.412.825	186.729	4.584.682
Cross currency swaps	18.454	294.483	1.872.097	18.456	214.593	1.798.343
Interest rate swaps	379.092	229.086	-	486.427	190.237	-
Total	**(15.296)**	**5.113**	**19.035**	**(7.431)**	**3.452**	**11.566**
Total cash flow for the year			**8.852**			**7.587**

thousands of €	2011-2013			2014-2018		
	Interest (including guarantee fees) Fix	Interest Floating	Repayments	Interest (including guarantee fees) Fix	Interest Floating	Repayments
Liabilities (cash payments)						
Bonds	(2.554.209)	-	(8.718.806)	(2.002.749)	-	(4.574.913)
MTNs	(850.927)	(45.403)	(2.534.163)	(780.817)	-	(2.511.388)
Banks Loans	(47.080)	(13.841)	(107.406)	(31.386)	-	(190.915)
Guarantee Fees	(27.680)	-	-	(19.616)	-	-
Cross currency swaps	(34.241)	(341.358)	(1.053.153)	-	(102.493)	(2.508.393)
Interest rate swaps	(544.151)	(847.466)	-	(627.906)	(513.609)	-
Assets (cash receivables)						
Loans to aff. Comp.	2.960.298	381.405	11.278.303	2.493.353	102.493	7.059.311
Cross currency swaps	684	469.955	1.146.531	-	162.273	2.750.001
Interest rate swaps	1.097.345	402.600	-	954.034	356.345	-
Total	**39**	**5.892**	**11.306**	**(15.087)**	**5.009**	**23.703**
Total cash flow for the years			**17.237**			**13.625**

thousands of €	2019-2033		
	Interest (including guarantee fees) Fix	Interest Floating	Repayments
Liabilities (cash payments)			
Bonds	(3.244.496)	-	(4.401.116)
MTNs	(872.269)	-	-
Banks Loans	-	-	-
Guarantee Fees	(24.321)	-	-
Cross currency swaps	-	-	-
Interest rate swaps	(872.240)	(393.499)	-
Assets (cash receivables)			
Loans to aff. Comp.	3.787.234	-	4.489.494
Cross currency swaps	-	-	-
Interest rate swaps	1.144.899	404.094	-
Total	**(81.193)**	**10.595**	**88.378**
Total cash flow for the years			**17.780**

Additional disclosures on financial instruments

thousands of €	Category in accordance to IAS 39	Carrying amount Dec. 31, 2009	Amounts recognized in statement of financial position according to IAS 39		Fair Value Dec. 31, 2009
			Amortized costs	Fair value recognized in profit or loss	
Assets					
Loans	LaR	31.940.595	31.940.595		35.084.099
Other financial assets	LaR	786.339	786.339		786.339
Derivative financial assets	FAHfT	1.392.789		1.392.789	1.392.789
Liabilities					
Nonconvertible bonds	FLAC	23.436.182	23.436.182		25.630.356
Medium term notes	FLAC	8.381.198	8.381.198		9.264.809
Liabilities to banks	FLAC	494.996	494.996		500.314
Other financial liabilities	FLAC	967.175	967.175		967.175
Derivative financial liabilities	FLHfT	377.365		377.365	377.365

thousands of €	Category in accordance to IAS 39	Carrying amount Dec. 31, 2008	Amounts recognized in statement of financial position according to IAS 39		Fair Value Dec. 31, 2008
			Amortized costs	Fair value recognized in profit or loss	
Assets					
Loans	LaR	31.520.659	31.520.659		33.533.159
Other financial assets	LaR	745.028	745.028		745.028
Derivative financial assets	FAHfT	1.722.257		1.722.257	1.722.257
Liabilities					
Nonconvertible bonds	FLAC	21.364.647	21.364.647		22.451.835
Medium term notes	FLAC	9.992.333	9.992.333		10.223.442
Liabilities to banks	FLAC	525.648	525.648		506.644
Other financial liabilities	FLAC	797.124	797.124		797.124
Derivative financial liabilities	FLHfT	859.286		859.286	859.286

LaR = loans and receivables	FLAC = financial liabilities at amortized cost
FAHfT = financial assets held for trading	FLHfT = financial liabilities held for trading

Only derivative financial instruments are measured at fair value in the statement of financial position of the Company. IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of input used to derive the fair value. The classification uses the following three-level hierarchy: Level 1 uses quoted prices in active markets for identical assets or liabilities as input for the determination of the fair value, level 2 uses inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) and level 3 uses inputs for the asset or liability that are not based on observable market data (unobservable inputs). The derivatives of the Company are exclusively categorised under level 2 in the fair value hierarchy of IFRS 7. There have been no transfers between level 1 and level 2 in 2009 and 2008 respectively.

Net gain/loss by measurement category:

thousands of €	From interest	From subsequent measurement		From derecognition	Net gain (loss)
		At fair value	Currency translation		2009
Loans and receivables (LaR)	1.983.276	-	200.505	-	2.183.781
Financial Instruments held for trading (FAHfT and FLHfT)	-	187.354	-	-	187.354
Financial liabilities measured at amortized cost (FLAC)	(2.054.858)	-	(109.627)	-	(2.164.485)

thousands of €	From interest	From subsequent measurement		From derecognition	Net gain (loss)
		At fair value	Currency translation		2008
Loans and receivables (LaR)	2.126.203	-	(995.293)	-	1.130.910
Financial Instruments held for trading (FAHfT and FLHfT)	-	676.184	-	-	676.184
Financial liabilities measured at amortized cost (FLAC)	(2.140.216)	-	356.046	-	(1.784.170)

LaR = loans and receivables	FLAC = financial liabilities at amortized cost
FAHfT = financial assets held for trading	FLHfT = financial liabilities held for trading

The fair value of the quoted bonds and other securitized liabilities equal the nominal amounts multiplied by the price quotations at the reporting date. The fair value of the unquoted bonds, liabilities to banks, medium term notes and other financial liabilities are calculated as present values of the payments associated with the debts, based on the applicable yield curve and DTAG's credit spread curve for specific currencies. The fair values of the Company's assets are determined similarly.

Interest from financial instruments is recognized in finance income (costs) and other financial income (please refer to note 1 and 2).

The net result from the subsequent measurement for financial instruments held for trading also includes interest and currency translation effects.

Finance cost from financial liabilities measured at amortized cost primarily consists of interest expense on bonds and other financial liabilities.

Finance income from loans and receivables primarily consist of interest income on loans to group companies.

7. Equity

The authorized share capital of the company as at December 31, 2009 amounts to EUR 2.268.901 and consists of 5.000 shares of common stock at a par value of EUR 453,78. The issued share capital amounts to EUR 453.780 and consists of 1.000 shares of common stock at a par of EUR 453,78. The remaining 4.000 shares are un-issued. There were no movements in the number of shares in 2009 or 2008. All shares are held by DTAG.
Other reserves comprise capital reserves and retained earnings including carry-forwards.

Statement of changes in equity:

thousands of €	Issued share capital	Other reserves	Result for the year	Total
Balance as at January 1, 2008	454	409.237	(77.192)	332.499
Result current year			16.543	16.543
Unappropriated net profit (loss) carried forward		(77.192)	77.192	-
Dividends paid		(10.916)		(10.916)
Balance as at December 31, 2008	454	321.129	16.543	338.126

thousands of €	Issued share capital	Other reserves	Result for the year	Total
Balance as at January 1, 2009	454	321.129	16.543	338.126
Result current year			18.042	18.042
Unappropriated net profit (loss) carried forward		16.543	(16.543)	-
Dividends paid		(7.792)		(7.792)
Balance as at December 31, 2009	454	329.880	18.042	348.376

In 2009, the Company paid a dividend of 7.792,57 EUR per share (2008: 10.915,67 EUR).

Other disclosures

8. Notes to the statement of cash flows

The statement of cash flows has been prepared using the direct method.

Net cash from operating activities is mainly a result of the net margin earned by the Company.

Net cash used in investing activities mainly comprises cash outflows for loans granted to companies of the Deutsche Telekom Group and cash inflows for loans that have been repaid. Furthermore, the item includes cash in- and outflows for new or expired derivatives that were used for hedging purposes.

Net cash from financing activities mainly includes cash inflows from the issuance of bonds, medium term notes and bank loans and cash outflows from the repayment of these instruments.

The cash in- and outflows for loan repayments and for new loans granted to companies of Deutsche Telekom Group match the cash in- and outflows from issues and/or repayments of bonds, medium term loans and bank loans.

The net amount from the cash pooling with DTAG, is the only component of cash and cash equivalents. This amount is included in financial assets on the statement of financial position. We refer to note 5. The Company has credit facilities with three banks of € 600 million each (one bank less compared to December 31, 2008). The bilateral credit agreements have an original maturity of 36 months and can, after each period of 12 months, be extended by a further 12 months to renew the maturity of 36 months. After two banks did not extend the credit lines in 2008, however one of them agreed to provide a new facility in 2009.

The Company did not draw on the credit lines in 2009. All liabilities from credit line draw downs in 2008 have been paid back.

9. Segment reporting

The primary activity of the Company is to finance its parent company and affiliated companies. Therefore segment information other than geographic information and information per major customer is not separately reported. There is only one reportable segment.

Geographic information

Interest income mainly from group companies according to their country of operations:

thousands of €	Dec. 31, 2009	Dec. 31, 2008
Germany	1.106.431	1.226.927
USA	595.073	533.059
Other countries	281.772	366.217
	1.983.276	**2.126.203**

In 2009, more than 10 % of the total interest income has been earned from loans with DTAG (TEUR 1.094.764 or 55,2%) and T-Mobile USA, Inc., Bellevue (TEUR 595.073 or 30,0%).

In 2008, more than 10 % of the total interest income has been earned from loans with DTAG (TEUR 993.625 or 46,7%), T-Mobile USA, Inc., Bellevue (TEUR 533.059 or 25,1%) and T-Mobile International AG, Bonn, Germany (TEUR 219.379 or 10,3%).

For non-current loan receivables, we refer to note 5.

10. Risk management, financial derivatives and other disclosures on capital management

Principles of risk management

The Company's principal financial liabilities, other than derivatives, mainly comprise bank loans, bonds and medium term notes. These financial liabilities are the result of the Company's main purpose, i.e. to raise funds for group companies of DTAG. The company's financial assets, other than derivatives, mainly comprise loans to group companies. Before 2009, the Company has entered into derivative transactions, primarily interest rate swaps and cross currency interest rate swaps to manage the interest rate risk and currency risk arising from the group's operations and its sources of funding. It is the Company's policy that derivatives are exclusively used as hedging instruments, i.e. neither for trading nor other speculative purposes. In 2009, the Company has not closed any new derivative contracts because it was not necessary in order to manage an interest rate or currency risk.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, currency risk and credit risk. Management of these risks is performed in accordance with DTAG's financial risk management policy. The Board of Directors regards effective management of the interest rate risk and foreign currency risk as one of its main tasks.

Currency risk

Currency risk as defined by IFRS 7 arises on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature.
The Company's currency risk mainly relates to positions in GBP, USD, CHF and HUF. The currency risk is either hedged by means of raising the funds in the same currency as the financing provided to the borrowers or by a swap agreement.
For the presentation of market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes of the relevant risk variables on profit or loss and shareholder's equity. In addition to currency risks the Company is exposed to interest rate risks according to the definition of IFRS 7. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the reporting date. It is assumed that the balance at the reporting date is representative for the year as a whole.

The currency sensitivity analysis is based on the following assumptions:
Major non-derivative monetary financial instruments (loans and other financial assets and interest-bearing and non-interest bearing liabilities) are either directly denominated in the functional currency or have been transferred to the functional currency by means of derivatives closed before 2009.
Whereas derivatives are valued at fair value non-derivative financial instruments are carried at amortised costs, therefore a change in exchange rates has an impact on the result of the Company.

Interest income and interest expense from financial instruments are recorded directly in the functional currency or transferred to the functional currency by means of derivatives closed before 2009. The Company does not hedge the future net margins. This has an impact on the net profit margin of the Company.
If the euro had gained (lost) 10 percent against all currencies at December 31, 2009, other financial income would have been EUR 0,2 million lower (higher) (December 31, 2008: EUR 1 million higher (lower)). The hypothetical effect on profit or loss before income taxes of EUR -0,2 million mainly results from the currency sensitivities EUR/USD: EUR -0,5 million (2008: EUR 1,5 million); EUR/HUF: EUR 0,6 million (2008: EUR -0,5 million); EUR/GBP: EUR -0,4 million (2008: EUR -0,1 million).

Interest rate risk

The Company is exposed to interest rate risk on the interest-bearing receivables and interest-bearing liabilities. However, the interest rates on the Company's funding do in principle match with the interest rates on the corresponding loans provided by the Company. Any interest rate exposure that does nevertheless arise at the level of the Company is hedged by means of derivatives entered into before 2009 so there will effectively be no interest rate risk with respect to cash flows at the level of the Company. However, as the derivatives are valued at fair value a change in interest rates has an impact on the result of the company of the respective year.

Interest rate risks are presented by way of sensitivity analysis in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, shareholder's equity. The interest rate sensitivity analyses are based on the following assumptions:

- Changes in the market interest rates of non-derivative financial fixed instruments do not affect income because they are not measured at fair value but at amortized cost.

- Changes in the market interest rates of non-derivative financial variable instruments do not affect income because they are not measured at fair value but at amortized costs and because variable interest income or expense is hedged by means of a corresponding derivative.

- Changes in the market interest rate of interest rate swaps and cross-currency swaps do affect other financial income or expense since they are measured at fair value and are not part of a hedging relationship as set out in IAS 39. They are therefore taken into consideration in the income-related sensitivity calculations.

If the market interest rates had been 100 basis points higher (lower) at December 31, 2009, the profit or loss before income taxes would have been EUR 156,6 million lower (higher) (December 31, 2008: EUR 184,5 lower (higher)).

Credit risk

Loans are granted to group companies only. The maximum exposure to credit risk is generally represented by the carrying amounts of the financial assets that are carried in the statement of financial position, including derivatives with positive market values. However, DTAG has issued a letter of comfort for all repayments of loans to affiliated companies, above a maximum of EUR 2 million which the Company must bear.

Liquidity risk

Please refer to Note 6.

Capital management

The overriding aim of the company's capital management is to match the assets and liabilities in order to ensure its capability to repay the debt.

11. Related parties

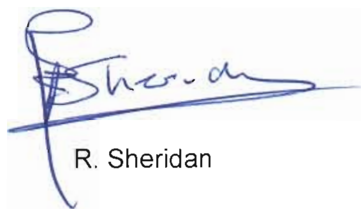
No other related party transactions have occurred other than those already disclosed in notes 1, 2, 3, 5, 6, 7 and 9. Related party transactions were on terms equivalent to at arm's length transactions.

12. Events after the statement of financial position date

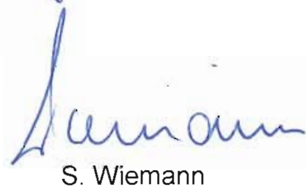
On January 19, 2010, the Company repaid a bond of nominal EUR 1.250.000.000, on January 25, 2010 the Company issued a Medium Term Note of nominal EUR 100.000.000 under its DIP, on January 28, 2010 the Company issued a Medium Term Note of nominal EUR 100.000.000 under its DIP and on January 29, 2010 the Company repaid the second contractual annual instalment of HUF 9.486.320.000 of its HUF 47.431.600.000 loan from the European Investment Bank, Luxembourg.

Amsterdam, February 23, 2010

The Board of Management:



R. Sheridan



S. Wiemann

The Supervisory Board:

G. Mischke

D. Cazzonelli

Dr. A. Lützner

Deutsche Telekom International Finance B.V.
Herengracht 124-128
1015 BT Amsterdam
The Netherlands

Other information

Profit appropriation according to the Articles of Association

According to article 19.1 of the Articles of Association the profit for the year is at the free disposal of the General Meeting of Shareholders for distributions, reservations or other options within the objects of the Company.

Proposed appropriation of profit

Following the proposed profit appropriation of the Board of Management, and pursuant to article 19 of the Articles of Association, an amount of EUR 6.532.139,32 will be distributed to the shareholder, awaiting approval of the General Meeting of Shareholders and the Supervisory Board.

Post statement of financial position events

No other events occurred since December 31, 2009, 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 financial statement.

To: Deutsche Telekom International Finance B.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Deutsche Telekom International Finance B.V., Amsterdam, which comprise the balance sheet as at December 31,2009, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility
Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report of directors in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Deutsche Telekom International Finance B.V.as at December 31, 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, February 17, 2010

Ernst & Young Accountants LLP

A.A. Beijer