

Interim Report

January - June 2012

Deutsche Telekom International Finance B.V.

Amsterdam

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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, 2012.

Review of financial position and result

The state of affairs of the Company for the six months that ended June 30, 2012 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

On January 20, 2012 the Company issued a Medium Term Note (MTN) under its Debt Issuance Programme (DIP) with a nominal amount of EUR 80,000,000.

On January 31, 2012 the Company paid the fourth 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 6, 2012 the Company issued a bond in two tranches of nominal USD 1,000,000,000 each.

On March 28, 2012 the Company redeemed an MTN with a nominal amount of EUR 500,000,000 and on May 23, 2012 the Company redeemed an MTN with a nominal amount of EUR 500,000,000.

On May 29, 2012 the Company redeemed a Bond with a nominal amount of EUR 2,000,000,000.

On January 20, 2012 the Company granted a new loan to DTAG for the nominal amount of EUR 80,000,000. On March 28, 2012 the Company granted two new loans to DTAG for the nominal amount of USD 1,000,000,000 each.

The Company made a semi-annual net loss of EUR 10,230,107 versus a semi-annual net loss of EUR 31,990,283 in 2011.

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 of the Company under IFRS is volatile. However, we expect net positive cash flows for the year ending December 31, 2012 as well as in each of the following years. The number of employees decreased from 4 to 2 persons as per July 31, 2012.

Events after the statement of financial position date

On July 19, 2012 a loan to T-Systems Ltd. UK was partly assumed by DTAG for a nominal amount of GBP 20,000,000.

Management representation

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

Amsterdam, August 17, 2012

The Managing Directors,

Dirk Wehrse

Frans Roose

Financial statements

Statement of comprehensive income – unaudited

thousands of €	Six months ended June 30,	
	2012	2011
Finance income (costs)		
Interest income	792,599	887,309
Interest expense	(836,296)	(928,563)
Other financial income (expense)	30,359	(1,139)
Profit (loss) from financial activities	(13,338)	(42,393)
General and administrative expenses	(323)	(287)
Other operating income	8	13
Other operating expenses	(0)	(0)
Profit (loss) from operations	(315)	(274)
Profit (loss) before income taxes	(13,653)	(42,667)
Income taxes	3,423	10,677
Profit (loss) after income taxes	(10,230)	(31,990)
Other comprehensive income	-	-
Profit (loss) attributable to owners of the parent:	(10,230)	(31,990)
Total comprehensive income (loss) attributable to owners of the parent:	(10,230)	(31,990)

Statement of financial position – unaudited

thousands of €	June 30, 2012	December 31, 2011
Assets		
Current assets	1,182,800	4,284,527
Financial assets	1,182,542	4,284,358
Income tax receivable	258	169
Non-current assets	27,631,319	25,677,449
Property, plant and equipment	40	43
Financial assets	27,631,258	25,677,374
Other assets	21	32
Total Assets	28,814,119	29,961,976
Liabilities and shareholder's equity		
Current liabilities	1,225,144	4,360,266
Financial liabilities	1,224,812	4,360,004
Other provisions	134	143
Other liabilities	198	119
Non-current liabilities	27,118,293	25,115,144
Financial liabilities	26,962,909	24,955,492
Other provisions	15	15
Deferred tax liability	155,369	159,637
Liabilities	28,343,437	29,475,410
Shareholder's equity	470,682	486,566
Issued Capital	454	454
Other reserves	407,691	407,691
Retained earnings	72,767	(46,856)
Net profit (loss)	(10,230)	125,277
Total Liabilities and shareholder's equity	28,814,119	29,961,976

Statement of changes in equity – unaudited

thousands of €	Issued share capital	Other reserves	Retained earnings	Result for the year	Total
Balance as at January 1, 2012	454	407,691	(46,856)	125,277	486,566
Result current year				(10,230)	(10,230)
Unappropriated net profit (loss) carried forward			125,277	(125,277)	-
Dividends paid			(5,654)		(5,654)
Balance as at June 30, 2012	454	407,691	72,767	(10,230)	470,682

thousands of €	Issued share capital	Other reserves	Retained earnings	Result for the year	Total
Balance as at January 1, 2011	454	407,691	(66,302)	25,662	367,505
Result current year				125,277	125,277
Unappropriated net profit (loss) carried forward			25,662	(25,662)	-
Dividends paid			(6,216)		(6,216)
Balance as at December 31, 2011	454	407,691	(46,856)	125,277	486,566

Statement of cash flows – unaudited

thousands of €	Six months ended June 30,	
	2012	2011
Interest paid	(1,017,490)	(1,019,635)
Interest received	943,090	942,844
Net interest from derivatives received (paid)	88,543	90,650
Guarantee fees paid	(9,571)	(9,284)
Income tax received (paid)	(935)	(1,003)
Others	(446)	(251)
Net cash from operating activities	3,191	3,321
Cash outflows for investments in		
- Loans	(1,581,216)	(913,055)
Proceeds from disposal of		
- Loans	2,989,433	1,115,297
Net cash inflow (outflow) from investments and disposals of derivatives	42,865	22,758
Net cash used in investing activities	1,451,082	225,000
Repayment of current financial liabilities	(3,032,298)	(1,103,345)
Proceeds from issue of non-current financial liabilities	1,581,216	913,055
Repayment of non-current financial liabilities	-	(34,710)
Dividend payments	(5,654)	(6,217)
Net cash from financing activities	(1,456,736)	(231,217)
Net decrease in cash and cash equivalents	(2,463)	(2,896)
Cash and cash equivalents, at the beginning of the year	3,681	3,424
Cash and cash equivalents, at the end of period	1,218	528

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.

Basis of preparation

The single entity half yearly 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 2011 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 2011 of the Company.

Changes in accounting policies

There have not been any changes in accounting policies in the first half year of 2012.

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) of the annual report for the year ended December 31, 2011.

Cash and cash equivalents

For the purpose of the half yearly cash flow statement, cash and cash equivalents are only comprised of the net amount from the cash pooling with DTAG which is measured at cost. This amount is included in financial assets on 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, 2012 is 25.0%.

Dividends

In February 2012 a dividend of EUR 5,653,747.18 relating to the fiscal year ending December 31, 2011 was paid.

Post statement of financial position events

No other events occurred since June 30, 2012, 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.