

Interim Report

January - June 2013

Deutsche Telekom International Finance B.V.

Maastricht

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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, 2013.

Review of financial position and result

The state of affairs of the Company for the six months that ended June 30, 2013 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 17, 2013 the Company issued a bond under its Debt Issuance Programme (DIP) in two tranches of EUR 1,250m (maturity 2021) and EUR 750m (maturity 2028), respectively.

On January 17, 2013 the Company issued a Medium Term Note (MTN) under its DIP with a nominal amount of EUR 50,000,000.

On February 11, 2013 the Company issued a Medium Term Note (MTN) under its Debt Issuance Programme (DIP) with a nominal amount of EUR 50,000,000.

On April 22, 2013 the Company issued a Medium Term Note (MTN) under its Debt Issuance Programme (DIP) with a nominal amount of USD 50,000,000.

On January 31, 2013 the Company paid the fifth and last contractual annual instalment of HUF 9,486,320,000 of its HUF 47,431,600,000 loan from the European Investment Bank (EIB).

On January 17, 2013 the Company granted three new loans to DTAG for the nominal amount of EUR 1,250,000,000, EUR 750,000,000 and EUR 50,000,000.

On February 11, 2013 the Company granted a new loan to DTAG for the nominal amount of EUR 50,000,000.

On April 22, 2013 the Company granted a new loan to DTAG for the nominal amount of USD 50,000,000.

The Company made a semi-annual net loss of EUR 57,628,513 versus a semi-annual net loss of EUR 10,230,107 in 2012.

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, 2013 as well as in each of the following years.

The office of the company has moved from Amsterdam to Maastricht in April 2013.

Events after the statement of financial position date

On July 15, 2013 the Company issued a Medium Term Note (MTN) under its DIP with a nominal amount of EUR 80,000,000 and also granted a new loan to DTAG for the same amount.

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.

Maastricht, August 21, 2013

The Managing Directors,

Igor Soczynski

Frans Roose

Financial statements

Statement of comprehensive income – unaudited

thousands of €	Six months ended June 30,	
	2013	2012
Finance income (costs)		
Interest income	738.044	792.599
Interest expense	(784.253)	(836.296)
Other financial income (expense)	(30.404)	30.359
Profit (loss) from financial activities	(76.612)	(13.338)
General and administrative expenses	(245)	(323)
Other operating income	8	8
Other operating expenses	(2)	(0)
Profit (loss) from operations	(239)	(315)
Profit (loss) before income taxes	(76.851)	(13.653)
Income taxes	19.223	3.423
Profit (loss) after income taxes	(57.629)	(10.230)
Other comprehensive income	-	-
Profit (loss) attributable to owners of the parent:	(57.629)	(10.230)
Total comprehensive income (loss) attributable to owners of the parent:	(57.629)	(10.230)

Statement of financial position – unaudited

thousands of €	June 30, 2013	December 31, 2012
Assets		
Current assets	4.813.252	3.894.265
Financial assets	4.812.954	3.893.918
Income tax receivable	296	345
Other assets	2	2
Non-current assets	25.764.256	25.036.521
Property, plant and equipment	4	37
Financial assets	25.764.252	25.036.471
Other assets	-	13
Total Assets	30.577.508	28.930.786
Liabilities and shareholder's equity		
Current liabilities	4.837.893	3.982.236
Financial liabilities	4.837.796	3.982.147
Other provisions	-	-
Other liabilities	97	89
Non-current liabilities	25.365.979	24.517.285
Financial liabilities	25.244.780	24.375.906
Other provisions	-	15
Deferred tax liability	121.199	141.364
Liabilities	30.203.872	28.499.521
Shareholder's equity	373.636	431.265
Issued Capital	454	454
Other reserves	407.691	407.691
Retained earnings	23.120	72.768
Net profit (loss)	(57.629)	(49.648)
Total Liabilities and shareholder's equity	30.577.508	28.930.786

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, 2013	454	407.691	72.768	(49.648)	431.265
Result current year				(57.629)	(57.629)
Unappropriated net profit (loss) carried forward			(49.648)	49.648	-
Dividends paid					-
Balance as at June 30, 2013	454	407.691	23.120	(57.629)	373.636

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				(49.648)	(49.648)
Unappropriated net profit (loss) carried forward			125.277	(125.277)	-
Dividends paid			(5.654)		(5.653)
Balance as at December 31, 2012	454	407.691	72.768	(49.648)	431.265

Statement of cash flows – unaudited

thousands of €	Six months ended June 30,	
	2013	2012
Interest paid	(866.771)	(1.017.490)
Interest received	892.954	943.090
Net interest from derivatives received (paid)	85.285	88.543
Guarantee fees paid	(8.957)	(9.571)
Income tax received (paid)	(893)	(935)
Others	(264)	(446)
Net cash from operating activities	101.354	3.191
Cash outflows for investments in		
- Loans	(2.298.215)	(1.581.216)
Proceeds from disposal of		
- Loans	122.346	2.989.433
Net cash inflow (outflow) from investments and disposals of derivatives	-	42.865
Net cash used in investing activities	(2.175.869)	1.451.082
Repayment of current financial liabilities	(32.427)	(3.032.298)
Proceeds from issue of non-current financial liabilities	2.110.230	1.581.216
Repayment of non-current financial liabilities	-	-
Dividend payments	-	(5.654)
Net cash from financing activities	2.077.803	(1.456.736)
Net increase (decrease) in cash and cash equivalents	3.288	(2.463)
Cash and cash equivalents, at the beginning of the period	2.879	3.681
Cash and cash equivalents, at the end of period	6.167	1.218

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 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 2012 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 2012 of the Company.

Changes in accounting policies

There have not been any changes in accounting policies in the first half year of 2013.

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, 2012.

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, 2013 is 25.0%.

Dividends

The Shareholders' meeting decided not to pay any dividend in 2013 relating to the fiscal year ending December 31, 2012.

Post statement of financial position events

No other events occurred since June 30, 2013, 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.