

INTERIM REPORT

for the half year ended June 30, 2014

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, 2014.

Review of financial position and result

The state of affairs of the Company for the six months that ended June 30, 2014 is adequately presented in the statement of financial position and the statement of comprehensive loss. The course of business of the Company went in line with expectations of the management.

Business activities

On January 1, 2014 parts of six existing loans of the Company granted to Deutsche Telekom AG, Bonn, Germany (DTAG) were assumed by T-Mobile Austria GmbH, Wien, Austria (TM-AT) with a total nominal value of EUR 400,000,000.

On January 10, 2014 the Company redeemed a note with a nominal amount of EUR 500,000,000 and a loan granted to DTAG with a nominal amount of USD 650,000,000 was repaid to the Company.

On June 2, 2014 the Company redeemed a note with a nominal amount of EUR 500,000,000 and three loans granted to DTAG, TM-AT and Magyar Telekom Public Limited Company, Budapest, Hungary, with a total nominal amount of EUR 500,000,000 were repaid to the Company.

On June 30, 2014 Mr. C.P. Dorenkamp was appointed to the Supervisory Board. Mr. D. Cazzonelli was relieved of his function in the Supervisory Board on the same date.

The Company made a semi-annual net loss of EUR 20,055,361 versus a semi-annual net loss of EUR 57,628,513 for the first half year of 2013.

Future business developments and financing

The management does not anticipate any major changes of its financing activities during the current financial year. Since derivatives are carried at fair value and the non-derivative instruments at amortized costs, the result of the Company under IFRS is volatile. However, we expect net positive cash flows for the year ending December 31, 2014 as well as in each of the following years.

Events after the statement of financial position date

On July 8, 2014 the Company repaid a note with a nominal amount of USD 750,000,000 and a loan to DTAG with a nominal amount of

USD 750,000,000 was repaid to the Company on the same day.

Management representation

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

Maastricht, August 20, 2014

The Managing Directors,

Dr. Igor Soczynski

Frans Roose

Financial statements (unaudited)

Statement of comprehensive loss (unaudited)

thousands of €	Six months ended June 30,	
	2014	2013
Finance income (expense)		
Interest income	633.754	738.044
Interest expense	(680.358)	(784.253)
Other financial income (expense)	20.030	(30.404)
Loss from financial activities	(26.574)	(76.612)
General and administrative expenses	(188)	(245)
Other operating income	9	8
Other operating expenses	-	(2)
Loss from operations	(179)	(239)
Loss before income taxes	(26.753)	(76.851)
Income taxes	6.698	19.223
Loss after income taxes	(20.055)	(57.629)
Other comprehensive income	-	-
Loss attributable to owners:	(20.055)	(57.629)
Total comprehensive loss attributable to the owners:	(20.055)	(57.629)

Statement of financial position (unaudited)

thousands of €	30.06.2014	31.12.2013
Assets		
Current assets	5.649.303	3.254.819
Cash and cash equivalents	1	1
Financial assets	5.648.719	3.254.329
Income tax receivable	580	486
Other assets	3	3
Non-current assets	20.324.752	23.726.172
Property, plant and equipment	4	4
Financial assets	20.324.748	23.726.167
Other assets	-	1
Total Assets	25.974.055	26.980.991
Liabilities and shareholder's equity		
Current liabilities	5.586.590	3.271.160
Financial liabilities	5.586.498	3.271.063
Other liabilities	92	97
Non-current liabilities	20.089.030	23.388.659
Financial liabilities	19.993.718	23.285.829
Deferred tax liability	95.312	102.830
Liabilities	25.675.620	26.659.819
Shareholder's equity	298.435	321.172
Issued Capital	454	454
Other reserves	407.691	407.691
Retained earnings	(89.655)	23.120
Net loss	(20.055)	(110.093)
Total Liabilities and shareholder's equity	25.974.055	26.980.991

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, 2014	454	407.691	23.120	(110.093)	321.172
Result current year				(20.055)	(20.055)
Unappropriated net profit (loss) carried			(110.093)	110.093	-
Dividends paid			(2.682)		(2.682)
Balance as at June 30, 2014	454	407.691	(89.655)	(20.055)	298.435

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				(110.093)	(110.093)
Unappropriated net loss carried forward			(49.648)	49.648	-
Dividends paid			-		-
Balance as at December 31, 2013	454	407.691	23.120	(110.093)	321.172

Statement of cash flows (unaudited)

thousands of €	Six months ended June 30,	
	2014	2013
Proceeds from repayments of loans	968.967	122.346
Cash outflows for investments in loans	-	(2.298.215)
Net cash inflow from investments and repayments of derivatives	31.033	-
Interest received	797.351	892.954
Interest paid	(877.535)	(866.771)
Net interest received (paid) from derivatives	94.753	85.285
Guarantee fees paid	(10.645)	(8.957)
Cash inflow from deposits	679	-
Net income tax paid	(914)	(893)
Others	(229)	(264)
Net cash from operating activities	1.003.460	(2.074.515)
Repayment of financial liabilities	(1.000.000)	(32.427)
Proceeds from issue of financial liabilities	-	2.110.230
Dividend payments	(2.681)	-
Net cash from financing activities	(1.002.681)	2.077.803
Net increase (decrease) in cash and cash equivalents	779	3.288
Cash and cash equivalents, at the beginning of the period	8.118	2.879
Cash and cash equivalents, at the end of the period	8.897	6.167

Notes to the financial statements

General information

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

Basis of preparation

The single entity semi annual accounts have been drawn up in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. It does not contain all the information that is required for the full year financial report and needs to be read in combination with the annual accounts 2013 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 2013 of the Company.

Changes in accounting policies

There have not been any changes in accounting policies in the first half year of 2014.

Judgements and estimates

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

Regarding assumptions made for the calculation of fair values we refer to the section under accounting policies (derivative financial instruments) of the annual report for the year ended December 31, 2013.

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, 2014 is 25.0%.

Dividends

The Shareholders' meeting decided to pay a dividend of EUR 2,680,521.16 in 2014 relating to the fiscal year ending December 31, 2013. The Company did not pay a dividend in 2013 relating to the fiscal year December 31, 2012.

Post statement of financial position events

No other events occurred since June 30, 2014, 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.