

DEUTSCHE TELEKOM AG  
Form 6-K/A  
March 07, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 6-K/A**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of March 2006

**DEUTSCHE TELEKOM AG**

(Translation of registrant's name into English)

Friedrich-Ebert-Allee 140

53113 Bonn

Germany

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

**This Report on Form 6-K/A is incorporated by reference into the registration statement on Form F-3, File No. 333-118932, and the registration statement on Form S-8, File No. 333-106591, and into each respective prospectus that forms a part of those registration statements.**

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**Explanatory Note**

In 2005, Deutsche Telekom for the first time based its financial reporting on International Financial Reporting Standards (IFRS). In prior years, we had reported under German GAAP. On August 30, 2005, we filed on Form 6-K with the United States Securities and Exchange Commission (SEC), unaudited consolidated financial statements as of and for the three months and six months ended June 30, 2005 and 2004, as of and for the years ended December 31, 2004 and 2003, and as of January 1, 2003, prepared in accordance with

International Financial Reporting Standards (IFRS) as adopted by the European Commission for use in the European Union (EU GAAP). In connection with the preparation of our financial statements related to our first-time adoption of EU GAAP for the periods ended December 31, 2005, we identified certain adjustments to our balance sheet as of January 1, 2003 and certain other financial information relating to quarterly periods in 2005 and 2004 and the years ending December 31, 2004 and 2003. These adjustments are summarized as follows:

In 2002, in connection with certain previously issued financial liabilities, an interest rate step-up provision was triggered as a result of a downgrade in our credit rating by certain rating agencies. We subsequently determined that pursuant to International Accounting Standard ( IAS ) 39 *Financial Instruments: Recognition and Measurement*, we should have increased the book value of these financial liabilities to reflect the present value of the estimated future payments at the time of the interest rate change in 2002. This adjustment, amounting to a EUR 588 million increase in financial liabilities offset by deferred taxes of EUR 199 million, has now been reflected in our revised IFRS opening balance sheet as of January 1, 2003. Subsequently, in April 2005, the rating agencies upgraded our credit rating, which triggered a corresponding downward adjustment to the interest rates relating to these financial liabilities. Pursuant to IAS 39, we should have adjusted, in the second quarter of 2005, the book value of these liabilities to reflect the present value of the associated estimated future payments as a result of the decrease in interest rates caused by the rating upgrade. Accordingly, we have adjusted financial income (expense), net, income taxes and net profit, for the three months and six months ended June 30, 2005 and 2004 and the years ended December 31, 2004 and 2003 to reflect the impact of the change in interest rates. The adjustments resulted in increases of EUR 253 million, EUR 8 million, EUR 260 million, EUR 20 million, EUR 70 million and EUR 79 million to net profit for the three months and six months ended June 30, 2005 and 2004 and for the years ended December 31, 2004 and 2003, respectively. The adjustments also resulted in an increase of EUR 0.06, EUR 0.06, EUR 0.01, EUR 0.02 and EUR 0.02 in basic and diluted earnings per share for the three months ended June 30, 2005, the six months ended June 30, 2005 and 2004, and the years ended December 31, 2004 and 2003, respectively. Basic and diluted earnings per share for the three months ended June 30, 2004 did not change as a result of these adjustments.

We also identified adjustments to revenue including amounts relating to the recording of revenue for multiple element arrangements, leases embedded in service contracts and non-refundable up-front fees. We recorded an aggregate adjustment of EUR 212 million as of January 1, 2003, primarily as a reduction in deferred revenue included in other liabilities and an offsetting adjustment of EUR 83 million to deferred taxes in the IFRS opening balance sheet. The adjustments, affecting primarily net revenues, cost of sales and income taxes, resulted in an increase of EUR 2 million, an increase of EUR 1 million, a decrease of EUR 46 million, an increase of EUR 3 million, a decrease of EUR 6 million and a decrease of EUR 25 million to net profit for the three months ended June 30, 2005 and 2004, the six months ended June 30, 2005 and 2004 and the years ended December 31, 2004 and 2003, respectively. The adjustments also resulted in a decrease of EUR 0.01 in basic and diluted earnings per share for the six months ended June 30, 2005 and the year ended December 31, 2003. Basic and diluted earnings per share for the three months ended June 30, 2005 and 2004, the six months ended June 30, 2004 and the year ended December 31, 2004 did not change as a result of these adjustments. Certain billings to our T-Mobile USA customers for the Universal Service Fund and other regulatory fees were originally presented on a net basis in the income statement for the year ended December 31, 2003. We have made an adjustment to present such billings on a gross basis increasing net revenues and cost of sales by EUR 129 million for the year ended December 31, 2003. The change in presentation did not affect net profit or earnings per share.

Further, we identified and recorded a number of additional adjustments which are now reflected in the financial statements that follow this Explanatory Note that resulted, in an aggregate increase of EUR 59 million in shareholders' equity at January 1, 2003. Those adjustments resulted in a decrease of EUR 29 million, a decrease of EUR 50 million, a decrease of EUR 14 million, an increase of EUR 18 million, a decrease of EUR 35 million and an increase of EUR 72 million to net profit for the three months ended June 30, 2005 and 2004, the six months

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ended June 30, 2005 and 2004 and for the years ended December 31, 2004 and 2003, respectively. The adjustments caused a decrease of EUR 0.01, a decrease of EUR 0.01, and an increase of EUR 0.02 in basic and diluted earnings per share for the three months ended June 30, 2004, and the years ended December 31, 2004 and 2003, respectively. Basic and diluted earnings per share for the three months ended June 30, 2005 and the six months ended June 30, 2005 and 2004 did not change as a result of these adjustments.

The following tables show the impact of the adjustments on these consolidated income statements and balance sheets as and for the three months and six months ended June 30, 2005 and 2004 and as of and for the years ended December 31, 2004 and 2003.

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	As reported			As amended			Adjustments		
	For the three months ended June 30,		For the year ended	For the three months ended June 30,		For the year ended	For the three months ended June 30,		For the year ended
	2005	2004	December 31, 2004	2005	2004	December 31, 2004	2005	2004	December 31, 2004
	(millions of , except where indicated )		(millions of , except where indicated )		(millions of , except where indicated )		(millions of , except where indicated )		
<b>Net revenue</b>	<b>14,748</b>	<b>14,377</b>	<b>57,360</b>	<b>14,743</b>	<b>14,379</b>	<b>57,353</b>	<b>(5)</b>	<b>2</b>	<b>(7)</b>
Cost of sales	(7,649)	(8,971)	(31,559)	(7,688)	(8,957)	(31,544)	(39)	14	15
Gross profit	7,099	5,406	25,801	7,055	5,422	25,809	(44)	16	8
Selling expenses	(3,507)	(3,072)	(12,837)	(3,511)	(3,074)	(12,870)	(4)	(2)	(33)
General and administrative expenses	(1,058)	(1,148)	(4,505)	(1,047)	(1,147)	(4,476)	11	1	29
Other operating income	354	473	1,718	354	473	1,718	0	0	0
Other operating expenses	(279)	(375)	(3,916)	(279)	(375)	(3,916)	0	0	0
<b>Profit from operations</b>	<b>2,609</b>	<b>1,284</b>	<b>6,261</b>	<b>2,572</b>	<b>1,299</b>	<b>6,265</b>	<b>(37)</b>	<b>15</b>	<b>4</b>
Net interest income (expense)	(792)	(895)	(3,354)	(464)	(887)	(3,280)	328	8	74
Share of profit of associates and joint ventures accounted for using the equity method	41	80	945	41	79	945	0	(1)	0
Other financial income (expense)	(31)	119	(334)	(29)	127	(361)	2	8	(27)
<b>Financial expense, net</b>	<b>(782)</b>	<b>(696)</b>	<b>(2,743)</b>	<b>(452)</b>	<b>(681)</b>	<b>(2,696)</b>	<b>330</b>	<b>15</b>	<b>47</b>
Profit before income taxes	1,827	588	3,518	2,120	618	3,569	293	30	51
Income tax (expense) benefit	(763)	111	(1,528)	(831)	39	(1,552)	(68)	(72)	(24)
<b>Profit after income taxes</b>	<b>1,064</b>	<b>699</b>	<b>1,990</b>	<b>1,289</b>	<b>657</b>	<b>2,017</b>	<b>225</b>	<b>(42)</b>	<b>27</b>
Profit attributable to minority interests	121	122	426	120	121	424	(1)	(1)	(2)
<b>Net profit</b>	<b>943</b>	<b>577</b>	<b>1,564</b>	<b>1,169</b>	<b>536</b>	<b>1,593</b>	<b>226</b>	<b>(41)</b>	<b>29</b>
Outstanding shares (basic) (millions)	4,327	4,328	4,323	4,327	4,328	4,323	0	0	0
Outstanding shares (diluted) (millions)	4,328	4,328	4,328	4,328	4,328	4,328	0	0	0
Earnings per share(1) /ADS(2), basic and diluted ( )	0.22	0.14	0.38	0.28	0.13	0.39	0.06	(0.01)	0.01

	As reported			As amended			Adjustments		
	For the six months ended June 30,		For the year ended	For the six months ended June 30,		For the year ended	For the six months ended June 30,		For the year ended
	2005	2004	December 31, 2003	2005	2004	December 31, 2003	2005	2004	December 31, 2003
	(millions of , except where indicated )		(millions of , except where indicated )		(millions of , except where indicated )		(millions of , except where indicated )		
<b>Net revenue</b>	<b>29,124</b>	<b>28,267</b>	<b>55,503</b>	<b>29,031</b>	<b>28,273</b>	<b>55,596</b>	<b>(93)</b>	<b>6</b>	<b>93</b>
Cost of sales	(15,175)	(16,190)	(29,369)	(15,213)	(16,176)	(29,493)	(38)	14	(124)
Gross profit	13,949	12,077	26,134	13,818	12,097	26,103	(131)	20	(31)
Selling expenses	(6,941)	(6,279)	(12,747)	(6,946)	(6,282)	(12,752)	(5)	(3)	(5)
General and administrative expenses	(2,095)	(2,182)	(4,596)	(2,073)	(2,181)	(4,596)	22	1	0
Other operating income	633	834	2,359	633	834	2,359	0	0	0
Other operating expenses	(597)	(750)	(2,765)	(573)	(741)	(2,765)	24	9	0
<b>Profit from operations</b>	<b>4,949</b>	<b>3,700</b>	<b>8,385</b>	<b>4,859</b>	<b>3,727</b>	<b>8,349</b>	<b>(90)</b>	<b>27</b>	<b>(36)</b>
Net interest income (expense)	(1,535)	(1,789)	(3,683)	(1,171)	(1,713)	(3,589)	364	76	94
Share of profit of associates and joint ventures accounted for using the equity method	77	26	356	77	26	356	0	0	0

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Other financial income (expense)	(45)	(157)	(920)	(73)	(203)	(890)	(28)	(46)	30
<b>Financial expense, net</b>	<b>(1,503)</b>	<b>(1,920)</b>	<b>(4,247)</b>	<b>(1,167)</b>	<b>(1,890)</b>	<b>(4,123)</b>	<b>336</b>	<b>30</b>	<b>124</b>
Profit before income taxes	3,446	1,780	4,138	3,692	1,837	4,226	246	57	88
Income tax (expense) benefit	(1,249)	(319)	(1,744)	(1,297)	(336)	(1,709)	(48)	(17)	35
<b>Profit after income taxes</b>	<b>2,197</b>	<b>1,461</b>	<b>2,394</b>	<b>2,395</b>	<b>1,501</b>	<b>2,517</b>	<b>198</b>	<b>40</b>	<b>123</b>
Profit attributable to minority interests	244	252	457	242	251	454	(2)	(1)	(3)
<b>Net profit</b>	<b>1,953</b>	<b>1,209</b>	<b>1,937</b>	<b>2,153</b>	<b>1,250</b>	<b>2,063</b>	<b>200</b>	<b>41</b>	<b>126</b>
Outstanding shares (basic) (millions)	4,326	4,327	4,301	4,326	4,327	4,301	0	0	0
Outstanding shares (diluted) (millions)	4,330	4,333	4,306	4,330	4,333	4,306	0	0	0
Earnings per share(1) /ADS(2), basic and diluted ( )	0.46	0.29	0.47	0.51	0.30	0.50	0.05	0.01	0.03

(1) Earnings per share for each period are calculated by dividing net profit by the weighted average number of outstanding shares. For more information, please see Note 10.

(2) One ADS corresponds in economic terms to one ordinary share of Deutsche Telekom AG.

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	As reported					As amended					Adjustments				
	As of June 30, 2005		As of December 31, 2004		As of January 1, 2003	As of June 30, 2005		As of December 31, 2004		As of January 1, 2003	As of June 30, 2005		As of December 31, 2004		As of January 1, 2003
	2005	2004	2004	2003	2003	2005	2004	2004	2003	2003	2005	2004	2004	2003	2003
	(millions of €)														
<b>ASSETS</b>															
<b>Current assets</b>															
Cash and cash equivalents	3,910	6,305	8,005	8,684	1,711	3,910	6,305	8,005	8,684	1,711	0	0	0	0	0
Trade and other receivables	7,411	7,565	6,732	7,567	7,609	7,410	7,564	6,731	7,567	7,609	(1)	(1)	(1)	0	0
Current recoverable income taxes	462	378	317	1,025	1,327	462	378	317	1,025	1,327	0	0	0	0	0
Other current financial assets	1,270	2,231	1,237	1,940	2,095	1,270	2,231	1,237	1,940	2,095	0	0	0	0	0
Inventories	903	1,210	1,154	972	1,174	903	1,210	1,154	972	1,174	0	0	0	0	0
Other current assets	1,824	1,827	1,391	1,218	1,101	1,804	1,860	1,420	1,247	1,128	(20)	33	29	29	27
	<b>15,780</b>	<b>19,516</b>	<b>18,836</b>	<b>21,406</b>	<b>15,017</b>	<b>15,759</b>	<b>19,548</b>	<b>18,864</b>	<b>21,435</b>	<b>15,044</b>	<b>(21)</b>	<b>32</b>	<b>28</b>	<b>29</b>	<b>27</b>
<b>Noncurrent assets</b>															
Intangible assets	54,625	55,468	50,736	55,461	61,906	54,636	55,478	50,745	55,460	61,906	11	10	9	(1)	0
Property, plant and equipment	48,376	47,891	46,318	49,263	54,938	48,376	47,876	46,294	49,249	54,923	0	(15)	(24)	(14)	(15)
Investments accounted for using the equity method	1,796	2,824	2,667	2,382	2,758	1,796	2,824	2,667	2,382	2,758	0	0	0	0	0
Other noncurrent financial assets	2,088	970	1,678	1,368	2,220	2,047	970	1,636	1,368	2,220	(41)	0	(42)	0	0
Deferred tax assets	4,298	5,229	4,527	5,773	7,782	4,509	5,360	4,724	5,855	8,105	211	131	197	82	323
Other noncurrent assets	342	309	378	323	218	342	293	360	309	209	0	(16)	(18)	(14)	(9)
	<b>111,525</b>	<b>112,691</b>	<b>106,304</b>	<b>114,570</b>	<b>129,822</b>	<b>111,706</b>	<b>112,801</b>	<b>106,426</b>	<b>114,623</b>	<b>130,121</b>	<b>181</b>	<b>110</b>	<b>122</b>	<b>53</b>	<b>299</b>
<b>TOTAL ASSETS</b>	<b>127,305</b>	<b>132,207</b>	<b>125,140</b>	<b>135,976</b>	<b>144,839</b>	<b>127,465</b>	<b>132,349</b>	<b>125,290</b>	<b>136,058</b>	<b>145,165</b>	<b>160</b>	<b>142</b>	<b>150</b>	<b>82</b>	<b>326</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>															
<b>Current liabilities</b>															
Current financial liabilities	11,489	16,785	12,515	17,255	13,671	11,548	16,803	12,592	17,256	13,671	59	18	77	1	0
Trade and other payables	5,487	5,311	6,116	6,354	6,493	5,487	5,311	6,116	6,354	6,493	0	0	0	0	0
Income tax liabilities	812	520	715	229	308	1,191	792	1,049	466	766	379	272	334	237	458
Current provisions	3,249	3,180	3,698	3,364	3,054	3,071	2,908	3,546	3,070	2,595	(178)	(272)	(152)	(294)	(459)
Other current liabilities	3,250	3,336	2,970	3,062	3,060	3,250	3,337	2,969	3,062	3,060	0	1	(1)	0	0
	<b>24,287</b>	<b>29,132</b>	<b>26,014</b>	<b>30,264</b>	<b>26,586</b>	<b>24,547</b>	<b>29,151</b>	<b>26,272</b>	<b>30,208</b>	<b>26,585</b>	<b>260</b>	<b>19</b>	<b>258</b>	<b>(56)</b>	<b>(1)</b>
<b>Noncurrent liabilities</b>															
Noncurrent financial liabilities	40,573	41,385	38,142	46,317	56,923	40,548	41,800	38,498	46,776	57,511	(25)	415	356	459	588
Provisions for pensions and other employee benefits	4,419	4,260	4,209	4,175	4,108	4,419	4,260	4,209	4,175	4,108	0	0	0	0	0
Other noncurrent provisions	2,950	2,901	3,077	2,601	2,134	2,750	2,901	2,883	2,601	2,134	(200)	0	(194)	0	0
Deferred tax liabilities	6,761	6,609	5,932	7,085	8,278	6,842	6,557	5,948	7,024	8,437	81	(52)	16	(61)	159
Other noncurrent liabilities	1,645	1,658	1,895	1,718	1,645	1,548	1,469	1,677	1,536	1,426	(97)	(189)	(218)	(182)	(219)
	<b>56,348</b>	<b>56,813</b>	<b>53,255</b>	<b>61,896</b>	<b>73,088</b>	<b>56,107</b>	<b>56,987</b>	<b>53,215</b>	<b>62,112</b>	<b>73,616</b>	<b>(241)</b>	<b>174</b>	<b>(40)</b>	<b>216</b>	<b>528</b>
<b>Liabilities</b>	<b>80,635</b>	<b>85,945</b>	<b>79,269</b>	<b>92,160</b>	<b>99,674</b>	<b>80,654</b>	<b>86,138</b>	<b>79,487</b>	<b>92,320</b>	<b>100,201</b>	<b>19</b>	<b>193</b>	<b>218</b>	<b>160</b>	<b>527</b>
<b>Shareholders equity</b>															
Issued capital	10,747	10,746	10,747	10,746	10,746	10,747	10,746	10,747	10,746	10,746	0	0	0	0	0

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Capital reserves	49,544	49,514	49,523	49,500	49,551	49,544	49,514	49,528	49,500	49,551	0	0	5	0	0
Accumulated deficit, including carryforwards	(18,699)	(17,693)	(17,680)	(19,631)	(19,626)	(18,756)	(17,766)	(17,766)	(19,829)	(19,827)	(57)	(73)	(86)	(198)	(201)
Other comprehensive income	(354)	(1,922)	(2,667)	(2,950)	439	(350)	(1,938)	(2,678)	(2,954)	439	4	(16)	(11)	(4)	0
Net profit	1,953	1,209	1,564	1,937		2,153	1,250	1,593	2,063		200	41	29	126	
Treasury shares	(8)	(8)	(8)	(8)	(7)	(8)	(8)	(8)	(8)	(7)	0	0	0	0	0
	<b>43,183</b>	<b>41,846</b>	<b>41,479</b>	<b>39,594</b>	<b>41,103</b>	<b>43,330</b>	<b>41,798</b>	<b>41,416</b>	<b>39,518</b>	<b>40,902</b>	<b>147</b>	<b>(48)</b>	<b>(63)</b>	<b>(76)</b>	<b>(201)</b>
Minority interest	3,487	4,416	4,392	4,222	4,062	3,481	4,413	4,387	4,220	4,062	(6)	(3)	(5)	(2)	0
<b>Shareholders equity</b>	<b>46,670</b>	<b>46,262</b>	<b>45,871</b>	<b>43,816</b>	<b>45,165</b>	<b>46,811</b>	<b>46,211</b>	<b>45,803</b>	<b>43,738</b>	<b>44,964</b>	<b>141</b>	<b>(51)</b>	<b>(68)</b>	<b>(78)</b>	<b>(201)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>127,305</b>	<b>132,207</b>	<b>125,140</b>	<b>135,976</b>	<b>144,839</b>	<b>127,465</b>	<b>132,349</b>	<b>125,290</b>	<b>136,058</b>	<b>145,165</b>	<b>160</b>	<b>142</b>	<b>150</b>	<b>82</b>	<b>326</b>

Other than the foregoing items and conforming changes related thereto (including changes to the notes to the condensed consolidated financial statements and Operating and Financial Review and Prospects), no part of the Report on Form 6-K filed on August 30, 2005 is being amended, and the filing of this Amended Report on Form 6-K/A should not be understood to mean that any other statements contained therein are true or complete as of any date subsequent to August 30, 2005.



### **Defined Terms and Contact Information**

The term **Report** refers to this Report on Form 6-K for the six-month period ended June 30, 2005. Deutsche Telekom AG is a stock corporation organized under the laws of the Federal Republic of Germany. As used in this Report, unless the context otherwise requires, the term **Deutsche Telekom** refers to Deutsche Telekom AG and the terms **we**, **us**, **our**, **Group** and the **Company** refer to Deutsche Telekom and, as applicable, Deutsche Telekom and its direct and indirect subsidiaries as a group. Our registered office is at Friedrich-Ebert-Allee 140, 53113 Bonn, Germany, telephone number +49-228-181-0. Our agent for service of process in the United States is Deutsche Telekom, Inc., 600 Lexington Avenue, New York, N.Y. 10022.

### **Forward-Looking Statements**

This Report contains forward-looking statements that reflect the current views of our management with respect to future events. Forward-looking statements generally are identified by the words **expects**, **anticipates**, **believes**, **intends**, **estimates**, **aims**, **plans**, **will**, **continue**, **seeks** and similar expressions. Forward-looking statements are based on current plans, estimates and projections, and therefore you should not place too much reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement in light of new information or future events, although we intend to continue to meet our ongoing disclosure obligations under the U.S. securities laws (such as our obligations to file annual reports on Form 20-F and periodic and other reports on Form 6-K) and under other applicable laws. Forward-looking statements involve inherent risks and uncertainties, most of which are difficult to predict and are generally beyond our control. We caution you that a number of important factors could cause actual results or outcomes to differ materially from those expressed in, or implied by, the forward-looking statements. These factors include, among other factors: the development of demand for our fixed and mobile telecommunications services, particularly for new, higher value service offerings; competitive forces, including pricing pressures, technological changes and alternative routing developments; regulatory actions and the outcome of disputes in which the company is involved or may become involved; the pace and cost of the rollout of new services, such as UMTS, which may be affected by the ability of suppliers to deliver equipment and other circumstances beyond our control; public concerns over health risks putatively associated with wireless frequency transmissions; risks associated with integrating our acquisitions; the development of asset values in Germany and elsewhere, the progress of our debt reduction and liquidity improvement initiatives; the development of our cost control and efficiency enhancement initiatives, including in the areas of procurement optimization, personnel reductions and our Excellence program; risks and uncertainties relating to benefits anticipated from our international expansion, particularly in the United States; the progress of our domestic and international investments, joint ventures and alliances; our ability to gain or retain market share in the face of competition; our ability to secure and retain the licenses needed to offer services; the effects of price reduction measures and our customer acquisition and retention initiatives; the availability, term and deployment of capital, particularly in view of our debt refinancing needs, actions of the rating agencies and the impact of regulatory and competitive developments on our capital outlays; and changes in currency exchange rates and interest rates. If these or other risks and uncertainties (including those described in **Forward-Looking Statements**, **Item 3. Key Information Risk Factors** and elsewhere in our most recent Annual Report on Form 20-F for the year ended December 31, 2004 filed with the U.S. Securities and Exchange Commission) materialize, or if the assumptions underlying any of these statements prove incorrect, our actual results may be materially different from those expressed or implied by such statements.

World Wide Web addresses contained in this Report are for explanatory purposes only and they (and the content contained therein) do not form a part of and are not incorporated by reference into this Report.

### **Cautionary Note Regarding Historical Financial Information Prepared In Accordance With International Financial Reporting Standards**

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This report contains financial information that has been prepared in accordance with International Financial Reporting Standards, or IFRS, and on the basis of the new strategic business areas, effective since January 1, 2005.

The IFRS financial information contained in this report was prepared on the basis of the assumption that all existing standards and interpretations that have been issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) will be fully endorsed by the European Commission for use in the European Union (EU GAAP).

Subject to outstanding EU endorsement of individual standards under IFRS and no further changes from the IASB, the information presented here is expected to form the basis for reporting Deutsche Telekom's financial results for 2005, and for subsequent reporting

periods. However, Deutsche Telekom cannot assure you that there will not be material changes in IFRS between the date of this Interim Report and the first date on which Deutsche Telekom is required to publish consolidated financial statements for the 2005 financial year. Any changes may also have an impact on the preliminary comparatives already published for the years 2004 or 2003.

For further information and explanations, see Notes (1) and (11) to the condensed consolidated financial statements contained in this Report.

### **Exchange Rates**

Unless otherwise indicated, all amounts in this document are expressed in euros. As used in this document, , euro or EUR means the single unified currency that was introduced in the Federal Republic of Germany (referred to as the Federal Republic ) and ten other participating member states of the European Union on January 1, 1999. U.S. dollar , \$ or USD means the lawful currency of the United States of America. As used in this document, the term noon buying rate refers to the rate of exchange for euros, expressed in U.S. dollars per euro, as announced by the Federal Reserve Bank of New York for customs purposes as the rate in the City of New York for cable transfers in foreign currencies. The noon buying rate on June 30, 2005 was EUR 1.00 to USD 1.2098.

Amounts appearing in this report that were translated into euros from other currencies were translated in accordance with the principles described in the unaudited condensed consolidated financial statements contained in this Report under Note (1) Transition to International Financial Reporting Standards (IFRS) and summary of accounting policies Explanation of exemptions applied under IFRS 1 Currency translation.

## DEUTSCHE TELEKOM AT A GLANCE(1)

(Unaudited) (amended)

	For the six months ended June 30,		Change	% Change	For the year ended December 31, 2004
	2005	2004			
	(millions of €, except where indicated)				
Total net revenues (total revenues excluding inter-segment revenues)	29,031	28,273	758	2.7	57,353
Domestic	17,028	17,192	(164)	(1.0)	34,741
International	12,003	11,081	922	8.3	22,612
Profit from operations	4,859	3,727	1,132	30.4	6,265
Financial expense, net	(1,167)	(1,890)	723	38.3	(2,696)
Depreciation, amortization and impairment losses	(5,144)	(5,893)	749	12.7	(13,127)
of which: property, plant and equipment	(3,907)	(3,845)	(62)	(1.6)	(7,666)
of which: intangible assets	(1,237)	(2,048)	811	39.6	(5,461)
Net profit	2,153	1,250	903	72.2	1,593
Earnings per share /ADS(2) (basic and diluted) (€)	0.51	0.30	0.21	70.0	0.39
Net cash from operating activities	5,815	7,204	(1,389)	(19.3)	16,720
Equity ratio (%) (3)	36.7	33.9	n.m.	n.m.	34.5
Total financial liabilities(4)	52,096	58,603	(6,507)	(11.1)	51,090
Number of employees at balance sheet date (actual)					
Deutsche Telekom Group	244,277	247,830	(3,553)	(1.4)	244,645
Non-civil servants	197,644	199,866	(2,222)	(1.1)	197,482
Civil servants	46,633	47,964	(1,331)	(2.8)	47,163
Telephone lines (including ISDN channels)(5)	56.1	57.7	(1.6)	(2.8)	57.2
Broadband lines (in operation) (millions)	7.1	4.9	2.2	44.9	6.1
Mobile communications customers(6)	80.9	73.5	7.4	10.1	77.6

n.m. not meaningful

(1) All financial figures are calculated in accordance with IFRS, which are different from the amounts reported in the previous year due to the adoption of IFRS. See Note (1) to the financial statements for more information.

(2) One ADS (American Depositary Share) corresponds in economic terms to one ordinary share of Deutsche Telekom AG.

(3) Equity ratio is calculated as total shareholders' equity divided by total assets at the balance sheet date.

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- (4) Includes current and noncurrent financial liabilities (see Condensed Consolidated Balance Sheets ).
- (5) Number of telephone lines (including those used within the Group) as of the balance sheet date. All amounts are in millions.
- (6) The number of customers of the consolidated subsidiaries included within our Mobile Communications strategic business area as of the balance sheet date. Our methods for calculating this number are described in our Annual Report on Form 20-F for the year ended December 31, 2004. All amounts are in millions.

## DEUTSCHE TELEKOM AG

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF JUNE 30, 2005 AND 2004, DECEMBER 31, 2004 AND 2003 AND JANUARY 1, 2003  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004  
AND THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

(Unaudited) (amended)

**DEUTSCHE TELEKOM AG  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited) (amended)**

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,	For the year ended December 31,
	2005	2004	2005	2004	2004	2003
	(millions of \$, except where indicated)					
<b>Net revenue</b>	14,743	14,379	29,031	28,273	57,353	55,596
Cost of sales	(7,688)	(8,957)	(15,213)	(16,176)	(31,544)	(29,493)
Gross profit	7,055	5,422	13,818	12,097	25,809	26,103
Selling expenses	(3,511)	(3,074)	(6,946)	(6,282)	(12,870)	(12,752)
General and administrative expenses	(1,047)	(1,147)	(2,073)	(2,181)	(4,476)	(4,596)
Other operating income	354	473	633	834	1,718	2,359
Other operating expenses	(279)	(375)	(573)	(741)	(3,916)	(2,765)
<b>Profit from operations</b>	2,572	1,299	4,859	3,727	6,265	8,349
Net interest income (expense)	(464)	(887)	(1,171)	(1,713)	(3,280)	(3,589)
Share of profit of associates and joint ventures accounted for using the equity method	41	79	77	26	945	356
Other financial income (expense)	(29)	127	(73)	(203)	(361)	(890)
<b>Financial expense, net</b>	(452)	(681)	(1,167)	(1,890)	(2,696)	(4,123)
Profit before income taxes	2,120	618	3,692	1,837	3,569	4,226
Income tax (expense) benefit	(831)	39	(1,297)	(336)	(1,552)	(1,709)
<b>Profit after income taxes</b>	1,289	657	2,395	1,501	2,017	2,517
Profit attributable to minority interests	120	121	242	251	424	454
<b>Net profit</b>	1,169	536	2,153	1,250	1,593	2,063
Outstanding shares (basic) (millions)	4,327	4,328	4,326	4,327	4,323	4,301
Outstanding shares (diluted) (millions)	4,328	4,328	4,330	4,333	4,328	4,306
Earnings per share(1) /ADS(2), basic and diluted ( )	0.28	0.13	0.51	0.30	0.39	0.50

(1) Earnings per share for each period are calculated by dividing net profit by the weighted average number of outstanding shares. For more information, please see Note 10.

(2) One ADS corresponds in economic terms to one ordinary share of Deutsche Telekom AG.

*The accompanying notes are an integral part of these  
unaudited condensed consolidated financial statements.*

**DEUTSCHE TELEKOM AG**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (amended)**

	As of June 30, 2005	As of June 30, 2004	As of December 31, 2004 (millions of )	As of December 31, 2003	As of January 1, 2003
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	3,910	6,305	8,005	8,684	1,711
Trade and other receivables	7,410	7,564	6,731	7,567	7,609
Current recoverable income taxes	462	378	317	1,025	1,327
Other current financial assets	1,270	2,231	1,237	1,940	2,095
Inventories	903	1,210	1,154	972	1,174
Other current assets	1,804	1,860	1,420	1,247	1,128
	<b>15,759</b>	<b>19,548</b>	<b>18,864</b>	<b>21,435</b>	<b>15,044</b>
<b>Noncurrent assets</b>					
Intangible assets	54,636	55,478	50,745	55,460	61,906
Property, plant and equipment	48,376	47,876	46,294	49,249	54,923
Investments accounted for using the equity method	1,796	2,824	2,667	2,382	2,758
Other noncurrent financial assets	2,047	970	1,636	1,368	2,220
Deferred tax assets	4,509	5,360	4,724	5,855	8,105
Other noncurrent assets	342	293	360	309	209
	<b>111,706</b>	<b>112,801</b>	<b>106,426</b>	<b>114,623</b>	<b>130,121</b>
<b>TOTAL ASSETS</b>	<b>127,465</b>	<b>132,349</b>	<b>125,290</b>	<b>136,058</b>	<b>145,165</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>					
<b>Current liabilities</b>					
Current financial liabilities	11,548	16,803	12,592	17,256	13,671
Trade and other payables	5,487	5,311	6,116	6,354	6,493
Income tax liabilities	1,191	792	1,049	466	766
Current provisions	3,071	2,908	3,546	3,070	2,595
Other current liabilities	3,250	3,337	2,969	3,062	3,060
	<b>24,547</b>	<b>29,151</b>	<b>26,272</b>	<b>30,208</b>	<b>26,585</b>
<b>Noncurrent liabilities</b>					
Noncurrent financial liabilities	40,548	41,800	38,498	46,776	57,511
Provisions for pensions and other employee benefits	4,419	4,260	4,209	4,175	4,108
Other noncurrent provisions	2,750	2,901	2,883	2,601	2,134
Deferred tax liabilities	6,842	6,557	5,948	7,024	8,437
Other noncurrent liabilities	1,548	1,469	1,677	1,536	1,426
	<b>56,107</b>	<b>56,987</b>	<b>53,215</b>	<b>62,112</b>	<b>73,616</b>
<b>Liabilities</b>	<b>80,654</b>	<b>86,138</b>	<b>79,487</b>	<b>92,320</b>	<b>100,201</b>
<b>Shareholders equity</b>					
Issued capital	10,747	10,746	10,747	10,746	10,746
Capital reserves	49,544	49,514	49,528	49,500	49,551
Accumulated deficit, including carryforwards	(18,756)	(17,766)	(17,766)	(19,829)	(19,827)
Other comprehensive income	(350)	(1,938)	(2,678)	(2,954)	439
Net profit	2,153	1,250	1,593	2,063	
Treasury shares	(8)	(8)	(8)	(8)	(7)
	<b>43,330</b>	<b>41,798</b>	<b>41,416</b>	<b>39,518</b>	<b>40,902</b>



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Minority interest	3,481	4,413	4,387	4,220	4,062
<b>Shareholders equity</b>	<b>46,811</b>	<b>46,211</b>	<b>45,803</b>	<b>43,738</b>	<b>44,964</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>127,465</b>	<b>132,349</b>	<b>125,290</b>	<b>136,058</b>	<b>145,165</b>

*The accompanying notes are an integral part of these  
unaudited condensed consolidated financial statements.*

**DEUTSCHE TELEKOM AG**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited) (amended)**

	Equity contributed		Consolidated shareholders		equity generated	
	Issued capital	Capital reserves	Accumulated deficit	Carry- forwards	Net profit	Total
	(millions of )					
<b>Balance at January 1, 2004</b>	<b>10,746</b>	<b>49,500</b>	<b>(19,829)</b>	<b>0</b>	<b>2,063</b>	<b>(17,766)</b>
Changes in the composition of the Group						0
Profit after income taxes					1,250	1,250
Unappropriated net profit carried forward				2,063	(2,063)	0
Dividends						0
Exercise of options and conversion rights		14				