telegate

9-Month Report 2006

Letter from the Management Board

Dear shareholders,

closing the third quarter of 2006, telegate once again shows an impressive dynamism for growth. Consolidated sales increase significantly, both, against the nine month results of last year as well as in comparison to the second quarter. The improvements in earnings announced by the company following weaker half-year results, have also been realized as planned. This sees telegate consistently continue its corporate strategy in 2006, which proves to be ‘the’ year of competition. On the one hand, the expansion of the business model creates new chances in the core market Germany. On the other hand telegate is broadening its business opportunities outside of Germany and thus generates potential for growth.

Special mention must be made of the fact that sales as well as earnings of all business segments developed positively during the third quarter of 2006.

In Germany the take-over of the directory assistance business of SNT Deutschland AG and the associated long-term marketing partnership with the mobile carrier O_2 Germany has, for the first time, left its mark on earnings. On top of this, the competitors who entered the German directory assistance market at the start of the year quite obviously have not been able to acquire market positions of any relevance. telegate on the other hand has consistently managed to extend its own position. With a focused one-brand strategy across all different media channels according to the motto “one brand – all media”, the company is securing itself already today a significant competitive edge in the new directory assistance media of the Internet and mobile telecommunications. Thus, over the last few weeks numerous trade and public media outlets voted the Internet directory assistance www.11880.com as best offer available on the Internet.

The Italian and Spanish markets also made positive contributions towards Group sales and earnings. The Italian directory assistance market is still in the midst of consolidation, with only three main players left. Here Seat Pagine Gialle, telegate’s main shareholder, has established itself as market leader whilst telegate continues to successfully operate as the unique operational partner. In Spain, on the other hand, the market segmentation has already taken place. As the only relevant alternative DA service provider, telegate is increasingly focusing on the customer-orientated expansion of its service portfolio. Finally, in France telegate has firmly positioned its service 118 000 as a leading brand. Thus building a solid starting position for the French segment to achieve profitability. Significantly reduced advertising expenses contributed to that goal already over the last quarter.

Looking back over the first nine months of the fiscal year, telegate’s management considers the period to be very gratifying. The company is presently laying the groundwork across all its active markets for the planned leap in earnings in 2007. Following completion of the third quarter, management confirms the 20 million Euro target for EBITDA for the second half year 2006, and sticks to its guidance for 2007 to bring EBITDA to a level of around 50 million Euro.

The Management Board

Key Financial Figures

in m Euro	9M 2006	9M 2005	Variance absolute	Variance in Percent
Revenues & profit				
Revenues	133.8	105.7	28.1	26.6%
EBITDA[1]	4.7	31.3	-26.6	-85.0%
Net income	-4.0	22.8	-26.8	-117.5%
Balance Sheet				
Balance sheet total	131.8	125.9	5.9	4.7%
Cash & cash equivalents	15.3	54.2	-38.9	-71.8%
Equity	52.4	65.3	-12.9	-19.8%
Equity ratio	39.8%	51.9%	-12.1%	-23.3%
Cash Flow				
Operating cash flow	-9.2	31.4	-40.6	-129.3%
Investments	-14.2	-11.8	-2.4	20.3%
Free Cash Flow	-23.4	19.6	-43.0	-219.4%
KPI telegate share				
Earnings per share (in Euro)	-0.19	1.09	-1.3	-117.6%
Share price (in Euro)[2]	17.21	18.40	-1.2	-6.5%
Market capitilisation	361.2	386.2	-25.0	-6.5%
Employees				
Number of employees[3]	3,290	2,507	783	31.2%

[1] The EBITDA is defined as earnings before interests, taxes & depreciation within telegate Group.
[2] XETRA-closing prices as of last trading day in 3rd quarter
[3] Headcount as of September 31

Management Report

Overview on 9-months report 2006

2006 proves to be the year of competition for telegate. The company is investing and thereby creates the foundations for further growth. The extension of the business model and the expansion into other European countries is continuing apace. As a result of this strategy sales are up by 26.6% for the first nine months of 2006. In line with plan, the implementation of this business strategy, nonetheless, results in a short-term drop of profitability and the decline of liquid assets in 2006. While earnings before interest, taxes, depreciation and amortization (EBITDA) for the first half year had been in the red by 4.5 million Euro, EBITDA for the third quarter of 2006 picked up as announced totaling +9.3 million Euro. Both, sales as well as earnings of all telegate Group segments contributed toward the improvement registered in the third quarter of 2006 – a clear evidence for the long-term success of the company strategy.

General remarks

In compliance with IFRS accounting standards, telegate changed the structure within the segment reporting. Business activities are now divided into three segments: Germany/Austria, Italy/Spain and France. The segment Germany/Austria includes activities in Germany and Austria. The segment Italy/Spain comprises the subsidiaries in Italy and Spain, while the segment France brings together all the business activities within the French directory assistance market.

Financial situation

Earnings situation

Consolidated revenues for the telegate Group came to 133.8 million Euro over the first nine months of 2006, an increase of 26.6% on last year's period (previous year: 105.7 million Euro). Main driver of this positive revenue development is telegate's growth in the other European countries: As a whole, the international business divisions (Italy/Spain and France) generated 35.9% of the Group's total revenue (proportion of revenues in 2005: 18.4%). The business segment Germany/Austria also recorded a 1.2 million Euro growth of revenues against last year, with a plus of 1,2 Mio. Euro or 4.3%, respectively, in the third quarter of 2006.

Due to the growth in revenues and the consolidation of the SNT's directory assistance business, gross profit generated from revenues improved slightly by 0.8 million Euro to 66.6 million Euro (previous year: 65.8 million Euro). These gross earnings from sales are encumbered, however, by the decline in the French market, which was more severe than anticipated, and the resulting over-capacities, which have been eliminated by end of the third quarter of 2006.

Given its entry into the French directory assistance market, telegate Group is currently in the midst of an investment phase. This is particularly evident for the advertisement costs, the bulk of which were made for the built-up of the brand for the French directory assistance number. As a consequence, the Group's profitability fell in line with plan. While earnings before interest, taxes, depreciation and amortization (EBITDA) for the first half year had been in the red by -4.5 million Euro, EBITDA for the third quarter of 2006 improved significantly - as announced - as marketing expenses were drastically cut and the SNT directory assistance business is being consolidated. EBITDA for the third quarter of 2006 comes to +9.3 million Euro, which means that telegate Group generated an EBITDA for the first nine months of 2006 of 4.7 million Euro (previous year: 31.3 million Euro).

Profit after taxes for the period under review was -4.0 million Euro (previous year: 22.8 million Euro).

Net assets and financial situation

Balance sheet

Per reporting date, the balance sheet total of the telegate Group had shrunk by 7.1 million Euro and down by -5.1% on the reporting date compared to December 31, 2005. Two contrary effects have essentially contributed to this decline on the asset side. Thus, liquid assets fell due to the dividend payment, the acquisition of SNT's directory assistance business and the expansion of the French directory assistance. On the other hand, the augmented volume of sales led to an increase of the trade accounts receivables, while the intangible assets rose through the initial consolidation of the SNT directory assistance business. The decline on the liabilities side of the balance sheet is also the result of contrary movements. Thus, while trade accounts payable rose in line with increased business expenses, the Group's equity fell slightly because of the period's deficit.

Per reporting date, telegate's equity ratio stands at 39.8% (December 31, 2005: 50.2%).

Cash Flow & financing

The operating Cash Flow (outflow and inflow provided by operating activities) decreased according to plan as a result of the expansion of the French directory assistance and comes to -9.2 million Euro (previous year: +31.4 million Euro). At 0.7 million Euro the third quarter, however, was once again recording a slightly positive operative Cash Flow.

Given the increased volume of capital expenditures (above all for the take-over of the SNT directory assistance) and the reduced operative Cash Flows, free Cash Flow stands at -23.4 million Euro (previous year: +19.6 million Euro).

Because of the dividend payment of 13.6 million Euro, Cash Flow from financing activities shows an outflow of funds of -12.7 million Euro for the first nine months of 2006, while the same period of last year had recorded a plus of +0.9 million Euro from the income of interest on liquid assets.

Capital expenditures

The volume of capital expenditures for the first nine months of 2006 totals 14.2 million Euro (last year: 11.8 million Euro). This volume of capital expenditures fell sharply, though, in direct comparison of second to third quarter. The bulk of the investment went into the take-over of the SNT directory assistance business (8.9 million Euro). Compared with last year the volume of capital expenditures in property, plants and equipments and intangible assets was reduced according to plan and totals 5.3 million Euro (previous year: 7.8 million Euro).

Segment report

Germany/Austria

Business performance by the segment Germany/Austria for the first nine months of 2006 was in line with plan. Segment sales fell slightly to 85.7 million Euro (previous year: 86.3 million Euro). Third quarter revenues, however, picked up due to the take-over of the SNT directory assistance business and a positive sales performance for each call, increasing by 1.2 million Euro, which is a plus of 3.4% against last year.

At the start of this calendar year Arvato, a subsidiary of the Bertelsmann Group, entered the German directory assistance market. telegate reacted to this market entry with a targeted marketing strategy, which in turn led to higher expenses. However, the brand recognition of the "11 88 0" number was successfully expanded and the market position sustainable defended, so that Arvato has so far not been able to gain any relevant position in the German directory assistance market.

Due to the aforementioned higher marketing expenses, earnings before interest, taxes, depreciation and amortisation (EBITDA) came to 27.4 million Euro (last year: 31.7 million Euro).

Italy/Spain

The economic development in Italy and Spain continues its gratifying course. Both sales as well as operative earnings were significantly up for the first nine months of 2006. As a whole the Italy/Spain segment generated revenues of 25.0 million Euro during the reporting period, which constitutes a 29.0% increase on last year (previous year: 19.4 million Euro). Over the first nine months 2006, profitability almost doubled against the same period of last year and comes to 3.7 million Euro (previous year: 1.9 million Euro).

The joint market entry by telegate Italia and Seat Pagine Gialle S.p.A. proved to be exceedingly heartwarming over the first nine months of 2006. The Italian directory assistance market is now in the hands of three relevant providers (Seat Pagine Gialle, Telecom Italia and TPI). With a market share of nearly 40%, the Seat Group ranks No. 1 in the Italian directory assistance market. The outsourcing agreement with TELECOM Italia Mobile S.p.A. (TIM) that had expired at the end of last year has been more than compensated in revenues and earnings.

The Spanish subsidiary recorded a substantial growth in sales over the first nine months of 2006 and made a very positive contribution toward Group earnings.

France

The competitive environment in France is as intensive as was expected. Thus, all competitors taken together invested well over 100 million Euro for marketing by the end of September 2006. Given such high marketing expenses and the resulting irritation by the consumers, the market decline was more severe than anticipated. Thus, competition for consumers has seen four relevant providers (InfoNXX, telegate, France Telecom and PagesJaunes) establish themselves on the French directory assistance market with telegate managing well to stand its ground in this intense market environment. According the consumer surveys conducted by independent market research institutes, telegate’s directory assistance number holds second place as far as brand recognition is concerned, which amply illustrates the success of our marketing campaign. As a whole the segment France generated revenues of 23.0 million Euro for the first nine months of 2006 (last year: 0.0 million Euro). This figure includes the sales made with SFR and Bouygues Telecom, for whom telegate had handled the entire volume of directory assistance until April 3, 2006 as outsourcing partner. Compared with the second quarter, segment sales were up by 18.5% in the third quarter.

Given the significant marketing expenses and temporary overcapacities, earnings before interest, taxes, depreciation and amortization came to -26.4 million Euro (last year: -2.3 million Euro). At the start of May all competitors reduced their marketing expenses considerably; a trend that was evident throughout the third quarter of 2006. As a consequence, the segment’s third quarter operative earnings of -3.4 million Euro constitute a major improvement against the second quarter (Q2 2006: -12.9 million Euro).

Acquisitions

Per June 22, 2006, telegate Group took over the directory assistance business of SNT Deutschland AG (now called “telegate Auskunftsdienste GmbH”). This acquisition means that telegate took over the directory assistance numbers “11881”, “11882” and “11889” together with the commercial partner contracts connected to these numbers. A central element of this acquisition is the long-term partnership with Germany’s third largest mobile network provider O2, whose network is exclusively marketing the directory assistance number “11881”.

Employees

As of September 30, 2005 the telegate Group had 3,290 employees (headcount) on its books. This 31.2% increase in the number of employees against the same date last year was above all driven by the expansion of the foreign business divisions.

Subsequent events to the reporting date

Effective as of October 10, 2006 telegate AG sold the 100% daughter 1818 Auskunft AG to the US-American InfoNXX Group. Through this sale the company was able convert the Swiss organization into capital prior to the actual liberalization of the market on January 1, 2007. It was sold at an extremely attractive price and without the need to shoulder expansion investments or the risks of a market entry.

As part of its European expansion, telegate Group continues to focus on its already active core markets in Germany/Austria, France, Italy and Spain and utilizes the growth potential arising out of the expansion of its business model.

Planegg-Martinsried/Germany, October 31, 2006
The Management Board

Consolidated Statements of Operations (IFRS)

in TEUR (except of per share data)	Quarterly Report (unaudited) Q3 2006	Q3 2005	9-Months Report (unaudited) 9M 2006	9M 2005
Revenues	45,627	36,024	133,788	105,740
Cost of revenues	-20,679	-13,304	-67,158	-39,917
Gross Profit	**24,948**	**22,720**	**66,630**	**65,823**
Advertising costs	-8,844	-5,515	-41,944	-16,415
Personnel costs	-4,383	-3,848	-12,415	-10,142
Depreciation and amortisation	-1,922	-1,767	-5,203	-4,376
Other administrative expenses	-2,445	-4,016	-7,547	-7,928
Other operating income / expense	-15	11	-7	-33
Total operating costs	**-17,609**	**-15,135**	**-67,116**	**-38,894**
Operating income / loss	**7,339**	**7,585**	**-486**	**26,929**
Interest income	100	337	852	976
Income / loss from financial assets & marketable securities	-	32	-113	75
Gain / loss on foreign currency translation	-7	-	-9	4
Financial income / expense	**93**	**369**	**730**	**1,055**
Income before income tax	**7,432**	**7,954**	**244**	**27,984**
Income tax	-2,010	-1,628	-4,266	-5,165
Net income / - loss	**5,422**	**6,326**	**-4,022**	**22,819**
Basic & dilutive earnings per share	0.26	0.30	-0.19	1.09

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets (IFRS)

Assets in TEUR	Sep 30, 2006	Dec 31, 2005	Sep 30, 2005
Current assets			
Cash & cash equivalents	15,310	51,356	54,225
Trade accounts receivable, net	71,093	52,231	36,780
Prepaid expenses & other current assets	7,263	5,538	6,350
Total current assets	**93,666**	**109,125**	**97,355**
Non-current assets			
Goodwill, net	2,987	2,574	2,416
Intangible assets, net	12,555	4,834	5,774
Property & equipment, net	13,727	13,498	11,635
Available-for-sale securities	39	42	42
Other non-current receivables	34	18	84
Deferred tax assets	8,759	8,759	8,604
Total non-current assets	**38,101**	**29,725**	**28,555**
Total assets	**131,767**	**138,850**	**125,910**

Liabilities & shareholders' equity in TEUR	Sep 30, 2006	Dec 31, 2005	Sep 30, 2005
Current liabilities			
Trade accounts payable	40,652	27,734	18,435
Accrued liabilities	23,253	24,111	19,326
Provisions	11,523	12,498	17,236
Other current liabilities	2,484	1,761	2,302
Total current liabilities	**77,912**	**66,104**	**57,299**
Non-current liabilities			
Provisions	692	2,423	2,805
Defined benefit liabilities	26	23	-
Other non-current liabilities	531	408	359
Deferred tax liabilities	225	225	153
Total non-current liabilities	**1,474**	**3,079**	**3,317**
Total liabilities	**79,386**	**69,183**	**60,616**
Equity			
Share capital	20,987	20,987	20,987
Additional paid-in capital	27,786	27,411	27,337
Other revenue reserves	15,568	10,400	-
Net earnings	-11,963	10,869	16,970
Cumulated other comprehensive income	3	-	-
Total shareholders' equity	**52,381**	**69,667**	**65,294**
Total liabilities & shareholders' equity	**131,767**	**138,850**	**125,910**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows (IFRS)

in TEUR	Sep 30, 2006	Sep 30, 2005
Cash flows from operating activities		
Income before income tax	244	27,984
Adjustments for:		
Depreciation & amortisation	5,203	4,376
Gain / loss on disposal of property & equipment	-5	12
Gain / loss from government grants	-18	-
Interest income / expense	-852	-976
Income / loss on foreign currency translation	2	-4
Valuation allowance for trade accounts receivables	477	258
Other non-cash expenses	375	110
Changes in non-current provisions	-1,730	-896
Changes in operating assets and liabilities:		
Trade accounts receivable	-19,340	3,723
Prepaid expenses & other assets	-1,018	-1,172
Trade accounts payable	13,544	2,293
Current provisions	-975	-393
Accrued expenses & other liabilities	-4,092	-640
Income taxes paid	-980	-3,307
Cash used in / provided by operating activities	**-9,165**	**31,368**
Cash flows from investing activities		
Capitalised intangible assets	-1,391	-
Proceeds from the sale of intangible assets	-	-1,917
Purchase of property & equipment	-4,088	-5,905
Proceeds from the sale of property & equipment	176	11
Cash paid due to changes in consolidated group	-8,884	-3,978
Cash used in investing activities	**-14,187**	**-11,789**
Cash flows from financing activities		
Proceeds from issue of share capital	-	18
Proceeds from government grants	20	21
Dividend paid 2005	-13,642	-
Change in restricted cash accounts	-4	-23
Interests received	968	849
Interests paid	-36	-
Cash provided by / used in financing activities	**-12,694**	**865**
Increase in cash & cash equivalents	**-36,046**	**20,444**
Cash & cash equivalents at beginning of reporting period	**51,356**	**33,781**
Cash & cash equivalents at end of reporting period	**15,310**	**54,225**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Shareholders' Equity (IFRS)

in TEUR	Share capital	Additional paid-in capital	Other revenue reserves	Net earnings	Accum. other compreh. income	Total equity
Balance at Jan 1, 2005	**20,981**	**27,215**	**0**	**-5,849**	**0**	**42,347**
Net income	-	-	-	22,819	-	22,819
Issuance of common stock	6	12	-	-	-	18
Stock option plan	-	110	-	-	-	110
Balance at Sep 30, 2005	**20,987**	**27,337**	**0**	**16,970**	**0**	**65,294**
Balance at Jan 1, 2006	**20,987**	**27,411**	**10,400**	**10,869**	**0**	**69,667**
Net income	-	-	-	-4,022	-	-4,022
Currency translation adjustment	-	-	-	-	3	3
Allocation to other revenue reserve	-	-	5,168	-5,168	-	-
Dividends for 2005	-	-	-	-13,642	-	-13,642
Stock option plan	-	375	-	-	-	375
Balance at Sep 30, 2006	**20,987**	**27,786**	**15,568**	**-11,963**	**3**	**52,381**

See accompaying notes to the consolidated financial statement.

Segment Report (IFRS)

The Company operates in three segments, each of which are strategic business that are separately managed. The Company views its business in three segments which are primarily determined by their geographic region.

Managment's dominant measurements are consistent with the Company's consolidated financial statement and, accordingly, are reported on the same basis herein. Intersegment revenues are generally accounted for at amounts comparable to sales to unaffiliated customers and are eliminated in consolidation.

in TEUR	Germany/ Austria	Italy/ Spain	France	Total
Sep 30, 2006				
Total segment revenues	86,140	25,024	23,034	134,198
Intersegment revenues	410	-	-	410
External revenues	**85,730**	**25,024**	**23,034**	**133,788**
Depreciation & amortisation	3,203	1,352	648	5,203
Operating income / - loss	24,205	2,382	-27,073	-486
EBITDA	**27,408**	**3,734**	**-26,425**	**4,717**
Sep 30, 2005				
Total segment revenues	86,405	19,394	29	105,828
Intersegment revenues	88	-	-	88
External revenues	**86,317**	**19,394**	**29**	**105,740**
Depreciation & amortisation	3,234	1,125	17	4,376
Operating income / - loss	28,443	824	-2,338	26,929
EBITDA	**31,677**	**1,949**	**-2,321**	**31,305**

See accompanying notes to the consolidated financial statement.

Notes to the Consolidated Financial Statements

1. Basis of presentation

The Consolidated Financial Statement of telegate AG and the subsidiaries consolidated in the Financial Statement has been prepared as of September 30, 2006, in compliance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB).

This interim financial report has been prepared in compliance with IAS 34 “Interim Financial Reporting”. Furthermore, all International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC–formerly SIC) that were mandatory applicable per September 30, 2006 were complied with.

The Consolidated Financial Statements of telegate AG (the group / telegate / telegate group / the Company) are expressed in Euro - unless otherwise stated.

The Consolidated Annual Financial Statements and the Management Report prepared as of December 31, 2005, was filed with the Commercial Registries of the Munich District Courts under the number HRB 114 518 and was published in the German Federal Gazette (“Bundesanzeiger”).

2. Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of this interim consolidated financial statements are consistent with those followed in the preparation for the Group’s annual consolidated financial statements for the year ended December 31, 2005, except of the following, in 2006 issued and by telegate adopted regulations:

> On January 11, 2006, the Accounting Interpretations Committee issued AIC 2 “Reassessment of Embedded Derivatives”. Only editorial amendments to Draft-AIC 3 have been made. AIC 2 covers those areas that were not addressed by the International Financial Reporting Interpretations Committee in IFRIC 6 Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment. The Interpretation is applicable on its date of publication.
>
> On March 1, 2006, the International Financial Reporting Interpretations Committee (IFRIC) issued IFRIC 9 “Reassessment of Embedded Derivatives”. The Interpretation clarifies whether an entity should reassess whether an embedded derivative needs to be separated from the host contract after the initial hybrid contract is recognised. IFRIC 9 concludes that reassessment is prohibited, unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. Entities are required to apply IFRIC 9 retrospectively for annual periods beginning on or after June 1, 2006. Earlier application is encouraged.

The adoption of these new regulations did not affect the Group results or financial position.

3. Changes in the scope of consolidation

Compared to December 31, 2005, the scope of consolidation changed in 2006 as follows:

Effective from June 22, 2006, the telegate Group acquired 100% of the ordinary shares of the company Blitz 05-624 GmbH. This transaction was recognised using the purchase method. On July 3, 2006, the company name of “Blitz 05-624 GmbH”, which has been acquired on June 22, 2006, was legally changed into „telegate Auskunftsdienste GmbH“.

4. Presenting the Consolidated Income Statement in the conventional cost of sales format

IAS 1.88 permits a company to prepare its income statement in accordance with the *nature of expense method* or the *cost of sales method*. telegate has opted to apply the cost of sales method. The Company's method of presentation fulfils the minimum classification scheme as prescribed by IAS 1.81 and 1.82. Additional items can also be included in the classification to the extent these are required in order to shed further light on the enterprise's financial position (IAS 1.83).

External balance sheet readers arguably prefer presentation using the conventional costs of sales method. In order to cater for the needs of this group, the *extended* presentation used in the Consolidated Income Statement has been reconciled to the classification principles adopted in the conventional cost of sales method.

In the following the reconciliation of the results for the first 9 months of 2006 and 2005 respectively.

in TEUR	Extented costs of sales method 9M 2006	Reclassification	Cost of sales method (IAS 1.92) 9M 2006
Revenues	133,788	-	133,788
Cost of revenues	-67,158	-4,849	-72,007
Gross Profit (excl. depreciation & amortisation)	**66,630**	**-4,849**	**61,781**
Advertising costs	-41,944	-746	-42,690
Personnel costs (only administatration & marketing)	-12,415	12,415	-
Depreciation & amortisation	-7,548	5,203	-
Other administrative expenses	-8,547	-12,023	-19,570
Other operating expense	-7	-	-7
Total operating costs	**-67,116**	**4,849**	**-62,267**
Operating loss	**-486**	**0**	**-486**
Interest income	852	-	852
Loss from financial assets & marketable securities	-113	-	-113
Loss on foreign currency translation	-9	-	-9
Financial income	**730**	**0**	**730**
Loss before income tax	**244**	**0**	**244**
Income tax	-4,266	-	-4,266
Net loss	**-4,022**	**0**	**-4,022**

The following reclassifications were made as at September 30, 2006 in order to present the figures in accordance with the conventional cost of sales method.

Reclassification of amortisation of financial investments and intangible assets, which had previously been reported separately, and which are now reported under cost of sales (4,849 TEUR) or general administrative costs (354 TEUR).

Allocation of staff costs between general administrative costs (11,668 TEUR) and selling costs (747 TEUR).

in TEUR	Extented costs of sales method 9M 2005	Reclassification	Cost of sales method (IAS 1.92) 9M 2005
Revenues	105,740	-	105,740
Cost of revenues	-39,917	-3,835	-43,752
Gross Profit (excl. depreciation & amortisation)	**65,823**	**-3,835**	**61,988**
Advertising costs	-16,415	-747	-17,162
Personnel costs (only administatration & marketing)	-10,142	10,142	-
Depreciation & amortisation	-4,376	4,376	-
Other administrative expenses	-7,928	-9,936	-17,864
Other operating expense	-33	-	-33
Total operating costs	**-38,894**	**3,835**	**-35,059**
Operating income	**26,929**	**0**	**26,929**
Interest income	976	-	976
Income from financial assets & marketable securities	75	-	75
Income on foreign currency translation	4	-	4
Financial income	**1,055**	**0**	**1,055**
Income before income tax	**27,984**	**0**	**27,984**
Income tax	-5,165	-	-5,165
Net income	**22,819**	**0**	**22,819**

The following reclassifications were made as at September 30, 2005 in order to present the figures in accordance with the conventional cost of sales method.

Reclassification of amortisation of financial investments and intangible assets, which had previously been reported separately, and which are now reported under cost of revenues (3,835 TEUR) or general administrative costs (541 TEUR).

Allocation of staff costs between general administrative costs (9,395 TEUR) and selling costs (747 TEUR).

In the following the reconciliation of the results for the third quarter of 2006 and 2005 respectively.

in TEUR	Extented costs of sales method Q3 2006	Reclassification	Cost of sales method (IAS 1.92) Q3 2006
Revenues	45,627	-	45,627
Cost of revenues	-20,679	-1,802	-22,481
Gross Profit (excl. depreciation & amortisation)	**24,948**	**-1,802**	**23,146**
Advertising costs	-8,844	-248	-9,092
Personnel costs (only administatration & marketing)	-4,383	4,383	-
Depreciation & amortisation	-1,922	1,922	-
Other administrative expenses	-2,445	-4,255	-6,700
Other operating expense	-15	-	-15
Total operating costs	**-17,609**	**1,802**	**-15,807**
Operating income	**7,339**	**0**	**7,339**
Interest income	100	-	100
Income / loss from financial assets & marketable securities	-	-	-
Loss on foreign currency translation	-7	-	-7
Financial income	**93**	**0**	**93**
Loss before income tax	**7,432**	**0**	**7,432**
Income tax	-2,010	-	-2,010
Net loss	**5,422**	**0**	**5,422**

The following reclassifications were made in order to present the figures in accordance with the conventional cost of sales method.

Reclassification of amortisation of financial investments and intangible assets, which had previously been reported separately, and which are now reported under cost of sales (1,802 TEUR) or general administrative costs (120 TEUR).

Allocation of staff costs between general administrative costs (4,134 TEUR) and selling costs (249 TEUR).

in TEUR	Extented costs of sales method Q3 2005	Reclassification	Cost of sales method (IAS 1.92) Q3 2005
Revenues	36,024	-	36,024
Cost of revenues	-13,304	-1,470	-14,774
Gross Profit (excl. depreciation & amortisation)	**22,720**	**-1,470**	**21,250**
Advertising costs	-5,515	-249	-5,764
Personnel costs (only administatration & marketing)	-3,848	3,848	-
Depreciation & amortisation	-1,767	1,767	-
Other administrative expenses	-4,016	-3,896	-7,912
Other operating income	11	-	11
Total operating costs	**-15,135**	**1,470**	**-13,665**
Operating income	**7,585**	**0**	**7,585**
Interest income	337	-	337
Income from financial assets & marketable securities	32	-	32
Income / loss on foreign currency translation	-	-	-
Financial income	**369**	**0**	**369**
Income before income tax	**7,954**	**0**	**7,954**
Income tax	-1,628	-	-1,628
Net income	**6,326**	**0**	**6,326**

The following reclassifications were made as in order to present the figures in accordance with the conventional cost of sales method.

Reclassification of amortisation of financial investments and intangible assets, which had previously been reported separately, and which are now reported under cost of revenues (1,470 TEUR) or general administrative costs (297 TEUR).

Allocation of staff costs between general administrative costs (3,599 TEUR) and selling costs (249 TEUR)

5. Events after the balance sheet date

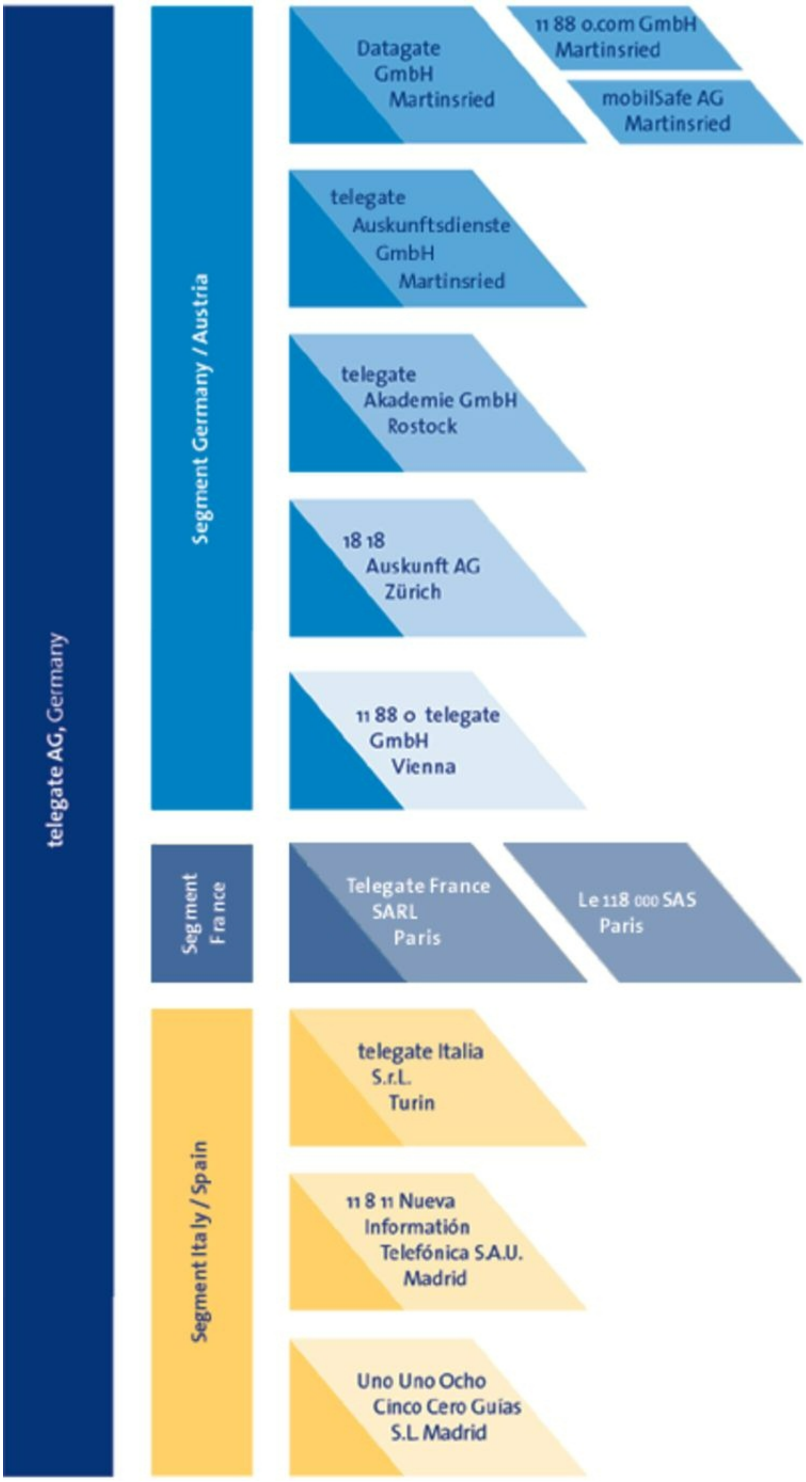
telegate AG has sold its wholly-owned Swiss subsidiary 1818 Auskunft AG to the US-based InfoNXX-Group. The purchase price amounts to a mid-single-digit Million Euro sum and is made up by a fix payment and to a lower extend by variable component. Both companies agreed to keep additional terms of the acquisition confidential. The transaction has been completed as of October 10, 2006.

6. Corporate Governance Code

In June 2006, in accordance with Section 161 Corporation Act, the Managing Board and Supervisory Board mutually released their declaration on the recommendations of the Government Commission's German Corporate Governance Code. The exact wording is provided on the Company's website www.telegate.com.

Planegg-Martinsried, October 31, 2006
The Management Board

Corporate Structure of telegate Group



www.telegate.com

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