9-Months Report 2009

telegate

ONE-STOP-ADVERTISING

Letter from the Management Board

Dear shareholders,

The capital market understands the Equity Story of our company more and more, which is primarily effected by the transformation of our business model and the chances for growth of the local search market. The telegate share price rose in the course of this fiscal year by more than 40 percent.

The financial market development is ultimately also largely influenced by the fact whether quoted companies adhere to their forecast. After nine months of the current fiscal year we are very optimistic to meet our profit guidance made at the beginning of the year. Our confidence is also based on the fact that we now adjust the range to 34 to € 37 m. This is

at the upper end of the previous original annual forecast of EBITDA before one-time effects from € 32 to € 37 m. And this in spite of the fact that the economic conditions have yet not improved significantly and the share in profit of our sold French division is no longer taken into account in this forecast.

We consider the sale of the French 118 000 SAS - as a logical step in accordance with the necessary focus of our activities and the efficient use of our resources which are provided by our shareholders. When the French directory assistance market was liberalized a couple of years ago, this was attended with high expectations for the companies starting on the market there. It is quite clear today that these expectations were not met, neither for us nor the other market participants. The French directory assistance market is characterized by an extremely competitive market environment which will become even worse due to a compulsory scheduled price announcement for calls as of January 2010.

The classic voice directory assistance business is under pressure in all markets. In this fiscal year we also succeed in strengthening our market position with high-quality Comfort Services and a strong customer orientation in Germany, in particular. Nevertheless the call volume of the telephone directory assistance business with a strong margin continues to decrease and this has effects on our profitability. We were able to partly compensate this trend by operative measures this year.

Against this background, our strategic focus remains more than ever on the German local search market. The digital advertising market there offers the best growth opportunities and thus, there are excellent perspectives to advance the transformation of the business model successfully and to increase the enterprise value. We will continue to expand our product range for both users and advertisers as well as the advertising marketing business and will bring new and promising business ideas to the market in Germany.

The fact that the efforts in the German market pay off and we advance well with the transformation of the business model is also shown in the 9-months figures. The Media sector achieved the highest sales in the third quarter of this fiscal year and the share of the advertising sales business in segment sales continued to increase to more than 19 percent.

telegate made also progress on the credit side in operative terms: the MEDIA sales force showed a very promising development and the German Internet portals of telegate MEDIA recorded another visit record of users and increased their leading position ahead the offer of Gelbe Seiten. With regard to mobile applications for iPhone and other smartphones, we are already at almost half a million downloads in the meantime. New versions of our mobile local search-offers with many new features are released for download these days.

We wish you a successful conclusion of the year and would be pleased if you continue to accompany us on our way as our shareholder in the next year.

Munich, November 2009

The Management Board of telegate AG

Key Financial Figures

in m Euro	9M 2009	9M 2008	Variance absolute	Variance in Percent
Revenues & profit[1]				
Revenues	117.2	121.9	-4.7	-3.9%
EBITDA before one-time effects	28.3	32.1	-3.7	-11.7%
EBITDA[2]	28.1	35.3	-7.2	-20.5%
Operating income / loss (EBIT)	20.2	28.4	-8.3	-29.1%
Net income	15.4	20.8	-5.4	-25.9%
Balance Sheet				
Balance sheet total	185.6	184.9	0.7	0.4%
Cash & cash equivalents	60.1	53.0	7.1	13.4%
Equity	93.6	93.1	0.5	0.5%
Equity ratio	50.4%	50.4%	0.0	0.2%
Cash Flow				
Operating cash flow	25.7	30.1	-4.5	-14.8%
Investments (incl. M&A)	-5.0	-30.6	25.6	83.6%
Free Cash Flow (before M&A)	21.4	28.3	-6.9	-24.3%
KPI telegate share				
Earnings per share (in Euro)	0.59	0.96	-0.4	-38.7%
Share price (in Euro)[3]	8.67	10.00	-1.3	-13.3%
Market capitalization	184.1	212.4	-28.2	-13.3%
Employees				
Number of employees[4]	3,008	3,176	-168	-5.3%

1 from continuing operations
2 The EBITDA is defined as earnings before depreciation, interests and taxes within telegate Group.
3 XETRA-closing prices as of last trading day in 3rd quarter
4 Headcount as of September 30

Management Report

At a glance: 9-months report 2009

The company made further moves with regard to the implementation of its transformation strategy during the third quarter 2009. A main highlight was the sale of the French subsidiary and a contract to this effect was signed on October 01, 2009. The transaction is scheduled to be completed on November 02, 2009. Accordingly, the French subsidiary is shown as a so-called discontinued business sector. The difficult market environment is the main reason which will continue to aggravate as of January 01, 2010 due to the compulsory price announcement before the call as of this date. In addition, this makes an even stronger focus on the chances of the German market possible.
The Media business again recorded an increase in sales both in comparison to the previous reporting period (+4.8 percent) and the previous year (+43.9 percent) and 10.5 percent with the same consolidation. In addition, there were very successful product innovations in the product sector Mobile, in particular. This supports the growth of the business sector in a medium-term. The share of this business sector in group sales was further increased from 11.6 percent as of December 31, 2008 to 15.1 percent in the first nine months. Actions were taken against the still declining trend in the classic directory assistance business across Europe – due to the substitution with internet directory assistance – by the increase of sales per caller.

Earnings before one-time effects (EBITDA) of the first nine months in the amount of € 28.3 m were in the upper range of the initially expected annual profit in the amount of € 32 - 37 m before one-time effects. Therefore, the telegate Management concretised the EBITDA-Forecast to € 34 - 37 m by virtue of the good development of the business figures in the first nine months of 2009 and the expected positive development of the last quarter.

Financial situation

Profitability

The telegate group generated sales revenues in the amount of € 117.2 m during the first nine months of the fiscal year 2009 (previous year: € 121.9 m). Reduced sales are primarily attributable to the decline of the total market of telephone directory assistance. The advertising marketing business showed a significant positive development with € 17.7 m compared to the previous year (previous year: € 12.3 m) on the other hand. However, it shall be taken into consideration in this connection, that telegate MEDIA AG (former klickTel AG) was not consolidated before the 2nd quarter 2008. Considering the same consolidation, this also results in a significant growth of sales.

The gross earnings margin slightly decreased from 57.2 percent to 56.6 percent. Adjusted by negative one-time effects of the Call Center merger in 2009, the margin nearly remains stable.

EBITDA previous year's level of € 32.1 m before one-time costs (€ 2.3 m one-time costs, integration telegate MEDIA AG + € 5.5 m positive one-time income, data cost lawsuit) fell to € 28.3 m due to the declining directory assistance business with a strong margin (€ 1.9 m one-time costs, primarily for a Call Center merger + € 1.7 m positive one-time effect, as a follow-up of a settlement with Deutsche Telekom AG regarding invoicing issues).

Net earnings after taxes decreased from € 20.3 m in the previous year to € 12.5 m and € 0.59 per share respectively due to extraordinary depreciations (€ 2.4 m goodwill in France as well as € 0.5 m on fixed assets France) as well as scheduled depreciations on the purchase price of telegate MEDIA AG (intangible fixed assets à regular customers).

Net worth and financial position

Investments

Total investments (including France) in the reporting period amount to € 3.7 m (previous year: € 2.4 m). Fixed assets and intangible assets investments primarily concern the system integration in the course of the integration of telegate MEDIA AG as well as the expansion of the Customer-Relationship-Management-System.

Balance sheet

The extremely solid balance sheet quality of the telegate group was further strengthened during the first nine months of 2009, in spite of the acquisition of telegate MEDIA AG last year and the dividend distribution 2009. Thus, the equity ratio of the telegate group as of September 30, 2009 is 50.4 percent, which is exactly the same level as one year ago (September 30, 2008: 50.4 percent; December 31, 2008: 52.7 percent). The balance sheet total almost remained on the same level by the closing date September 30, 2009 (€ 185.6 m) compared with both December 31, 2008 (€ 183.6 m) and the previous year (€ 184.9 m).

The depreciation of the goodwill in France within the scope of the Impairment Test (€ 2.4 m) was primarily compensated by an increase of liquid assets to now € 60.1 m.

Cash flow & Financing

The operative cash flow showed a more negative development than profitability in the comparative period. High regular tax payments (subsequent payments for the previous year) and an increase of trade accounts in the first nine months 2009 resulted in a operative cash flow in the amount of € 25.7 m (previous year: € 30.1 m).

The free cash flow before M&A-activities showed an increased declining development due to higher investments in the comparative period. This cash flow amounted to € 28.3 m in the comparative period and € 21.4 m were shown as of September 30, 2009.

The cash flow from investment activity of the previous year includes costs in the course of the acquisition of klicktel in the amount of € 28.3 m.

The company is in a very comfortable position with regard to the difficult overall economic situation due to its extremely solid net worth, financial position and profitability. The telegate group has free liquid assets at its disposal in the amount of € 60.1 m by the closing date.

Forecast

The decline of the very profitable classic directory assistance business cannot be completely compensated by the advertising marketing business yet. The company expects EBITDA before one-time effects in the amount of € 34 m to € 37 m (previous year: € 39.4 m) due to the good development during the first nine months of 2009.

Additional product innovations for the stationary and mobile Internet are scheduled in the next months. The advertising marketing business shall be continued to be expanded and make a significant contribution to sales in Germany, in particular, in a medium-term. The global recession did not have considerable effects on the business yet. With regard to the further development of the advertising business, it will decisively depend on the fact to what extent the domestic activity will develop during the next months on the German core market, in particular.

The advertising marketing business in Germany is still the focus of the strategic development of the telegate group. The management resources which become vacant due to the sale of the French subsidiary are completely used for this purpose.

Segment report

Germany/Austria

The transformation process from a telecommunications specialist to a local search and marketing of small and medium-sized businesses expert continues to progress successfully in the segment Germany/Austria.

Compared with our main competitor „Gelbe Seiten“, „klicktel.de“ and „11880.com“ (together telegate MEDIA) generate significantly more visits on their websites by now. telegate recorded a strong increase in search requests at the same time during the first nine months of the year.

telegate continues to expand the offers for users of local search with new offers and features via all digital media channels in Germany - internet portals, telephone directory assistance, mobile applications and software. After the huge success of the mobile application „klicktel for iPhone“, which was already downloaded for approx. every second iPhone and awarded with the Deutscher Verzeichnismedien Preis (German directory media award) 2009 in bronze, telegate now offers the most comprehensive local search range of products for mobile platforms in Germany with solutions for iPhone, Google Android, BlackBerry and Windows Mobile. Additional product innovations for the mobile Internet, in particular, are expected in the next months.

There was again a pleasant progress in the advertising marketing business with regard to sales in the third quarter 2009. Sales increased by 4.6 percent compared with the previous quarter. When compared with the first nine months, this results in a growth of sales of 44.1 percent and € 5.4 m respectively - both due to a very dynamic organic growth and the contribution of telegate MEDIA AG (first consolidation 2nd quarter 2008).

Sales in the classic directory assistance business decreased to € 74.6 m compared with the previous year's sales of € 79.2 m. However, this was partly compensated by operative measures - in this case the expansion of Comfort Services and increase of sales per caller, in particular.

Overall, sales slightly increased to € 92.2 m (previous year: € 91.5 m) both due to an organic growth of sales of the advertising marketing business and the acquisition of klicktel in the 2nd quarter 2008.

The increase in sales is not reflected in the earnings before interest, taxes, depreciation and amortization (EBITDA) before one-time effects yet. It is not possible yet to compensate the decline of the directory assistance business with a strong margin with the advertising marketing business. Thus, this results in a decline of the EBITDA from € 28.4 m (€ 2.3 m one-time costs, integration telegate MEDIA AG + € 5.5 m positive one-time income, won data cost lawsuit) to € 25.9 m (€ 1.9 m one-time costs, primarily for a Call Center merger + € 1.7 m positive one-time effect as a consequence of the settlement with Deutsche Telekom AG).

France

Sales in the classic directory assistance business in the French segment both reflect the declining total market and the unchanged stiff competitive environment.

Earnings before depreciation, interest and taxes (EBITDA) make a slightly positive contribution to earnings with € 0.6 m (previous year: € -0.1 m).

As initially mentioned, a sale contract was signed on October 01, 2009. The execution of the contract is scheduled to be completed on November 02, 2009.

Italy/Spain

telegate is challenged with difficult overall economic conditions in Italy and Spain. There is still a strongly declining call volume in both countries and period deferments in Spain in the third quarter had negative effects on sales (€ 24.9 m) (previous year: € 30.5 m). This was partly compensated by adjustments of the costs side (lower capacities as well as further expansion of offshoring and reduction of advertising spending). Thus, operative earnings (EBITDA) of the first nine months 2009 amount to € 2.5 m (previous year: € 4.0 m)

Employees

The telegate group employed a total of 3,008 employees (headcount, including France) by September 30, 2009. Thus, the number of employees decreased by 168 employees and 5.3 percent respectively compared with the previous year. This can be attributed to capacity adjustments in the classic directory assistance business. These adjustments were not completely compensated by the simultaneous establishment of qualified employees in the advertising marketing sector.

Planegg-Martinsried, October 30, 2009
The management board

Consolidated Statements of Operations (IFRS)

in kEUR	Quarterly Report (unaudited) Q3 2009	Q3 2008	9-Months Report (unaudited) 9M 2009	9M 2008
Continuing operations				
Revenues	38,820	43,212	117,152	121,932
Cost of revenues	-16,257	-18,465	-50,884	-52,169
Gross Profit (excl. depreciation & amortization)	**22,563**	**24,747**	**66,268**	**69,763**
Advertising costs	-2,766	-3,621	-8,263	-11,757
Personnel costs (only administration & marketing)	-6,638	-6,283	-19,751	-17,672
Depreciation & amortization	-2,565	-2,596	-7,901	-6,837
Other administrative expenses	-4,368	-6,357	-12,271	-11,239
Other operating income / expense	1,801	1,648	2,087	6,191
Total operating expenses	**-14,536**	**-17,209**	**-46,099**	**-41,314**
Operating income / loss	**8,027**	**7,538**	**20,169**	**28,449**
Interest income / expense	467	602	1,558	1,943
Gain / loss from financial assets and marketable securities	73	-3	73	9
Gain / loss on foreign currency translation	-3	1	-5	-1
Financial income	**537**	**600**	**1,626**	**1,951**
Income before income tax	**8,564**	**8,138**	**21,795**	**30,400**
Income tax - current	-2,859	-2,705	-6,777	-9,188
Income tax - deffered	0	-1,156	382	-417
Income tax expense	**-2,859**	**-3,861**	**-6,395**	**-9,605**
Income from continuing operations	**5,705**	**4,277**	**15,400**	**20,795**
Discontinued operations				
Income from discontinued operations	223	-15	-2,935	-513
Net income	**5,928**	**4,262**	**12,465**	**20,282**
Attributable to:				
Equity holders of the parent	5,928	4,330	12,454	20,333
Minority interests	0	-68	11	-51
Earnings per share - basic and dilutive, for net income for the reporting period attributable to ordinary equity holders of the parent (in euro)	0.28	0.20	0.59	0.96
Earnings per share for continuing operations - basic and dilutive, for net income for the reporting period attributable to ordinary equity holders of the parent (in euro)	0.27	0.20	0.72	0.98
Earnings per share for discontinued operations - basic and dilutive, for net income for the reporting period attributable to ordinary equity holders of the parent (in euro)	0.01	0.00	-0.14	-0.02

See accompanying notes to the consolidated financial statements

GER

in TEUR	Quarterly Report (unaudited) Q3 2009	Q3 2008	9-Months Report (unaudited) 9M 2009	9M 2008
Net income	**5,928**	**4,262**	**12,465**	**20,282**
Foreign currency translation differences	1	0	1	0
Sum of the result which is recorded directly in equity	**1**	**0**	**1**	**0**
Total comprehensive income	**5,929**	**4,262**	**12,466**	**20,282**
Attributable to:				
Equity holders of the parent	5,929	4,330	12,455	20,333
Minority interests	0	-68	11	-51

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets (IFRS)

Assets in kEUR	Sept 30, 2009	Dec 31, 2008	Sept 30, 2008
Current assets			
Cash & cash equivalents	60,105	53,461	53,020
Trade accounts receivable	56,969	58,110	60,831
Prepaid expenses & other current assets	6,912	7,116	6,557
Assets of disposal group classified as held for sale	4,588	-	-
Total current assets	**128,574**	**118,687**	**120,408**
Non-current assets			
Goodwill, net	7,550	9,887	9,764
Intangible assets	36,506	40,254	40,564
Property & equipment	7,986	11,018	10,603
Other financial assets	298	86	19
Deferred tax assets	4,661	3,665	3,531
Total non-current assets	**57,001**	**64,910**	**64,481**
Total assets	**185,575**	**183,597**	**184,889**

Liabilities & shareholders' equity in kEUR	Sept 30, 2009	Dec 31, 2008	Sept 30, 2008
Current liabilities			
Trade accounts payable	25,821	24,433	26,458
Accrued liabilities	25,265	26,176	26,742
Provisions	3,508	4,243	7,548
Other current liabilities	19,377	17,636	15,958
Liabilities directly associated with the assets classified as held for sale	3,419	-	-
Total current liabilities	**77,390**	**72,488**	**76,706**
Non-current liabilities			
Provisions	1,284	1,650	1,068
Other non-current liabilities	460	480	1,965
Deferred tax liabilities	12,820	12,169	12,024
Total non-current liabilities	**14,564**	**14,299**	**15,057**
Total liabilities	**91,954**	**86,787**	**91,763**
Equity			
Share capital	21,235	21,235	21,235
Additional paid-in capital	29,809	31,800	31,834
Other revenue reserves	31,174	31,174	20,934
Retained earnings	11,402	11,883	18,110
Accumulated other comprehensive income	1	0	0
Equity attributable to equity holders of the parent	**93,621**	**96,092**	**92,113**
Minority interest	-	718	1,013
Total shareholders' equity	**93,621**	**96,810**	**93,126**
Total liabilities & shareholders' equity	**185,575**	**183,597**	**184,889**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows (IFRS)

in kEUR	Sept 30, 2009	Sept 30, 2008
Cash flows from operating activities		
Income before income tax from continuing operations	21,795	30,400
Income before income tax from discontinued operations	-2,887	-498
Income before income tax	18,908	29,902
Adjustments for:		
Impairment on Goodwill	2,413	0
Depreciation & amortization	9,084	7,527
Gain / loss on disposal of property & equipment	53	27
Gain / loss on disposal of financial investments	0	-9
Gain / loss from government grants	-41	-55
Interest income / expense	-1,558	-1,943
Gain / loss on foreign currency translation	5	1
Stock option expense	161	245
Valuation allowance for trade accounts receivable	3,554	852
Other non-cash expenses / income	-156	-5,754
Changes in non-current provisions	-372	586
Changes in non-current receivables	-242	0
Operating profit before changes in operating assets & liabilities	***31,809***	***31,379***
Changes in operating assets and liabilities:		
Trade accounts receivable	-5,018	-895
Prepaid expenses & other assets	426	861
Trade accounts payable	2,776	697
Current provisions	-662	1,203
Accrued expenses & other liabilities	3,643	-509
Income taxes paid	-7,315	-2,624
Cash provided by operating activities	**25,659**	**30,112**
Cash flows from investing activities		
Capitalized intangible assets	-2,820	-1,186
Purchase of property & equipment	-1,486	-1,256
Proceeds from the sale of property & equipment	38	4
Purchase of financial investments	0	-28
Proceeds from sale of financial investments	0	187
Acquisition of a subsidiary, net of cash acquired	-76	-28,278
Purchase of a subsidiary, net of cash purchased	234	458
Acquisition of minority interests	-952	-996
Proceeds from government grants	41	479
Cash used in investing activities	**-5,021**	**-30,616**
Cash flows from financing activities		
Dividends paid	-14,864	-14,864
Interests received	1,614	1,816
Interests paid	-75	-206
Cash used in financing activities	**-13,325**	**-13,254**
Increase / decrease in cash & cash equivalents	**7,313**	**-13,758**
Cash & cash equivalents at beginning of reporting period	**53,461**	**66,778**
Cash & cash equivalents at end of reporting period	**60,774**	**53,020**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Shareholders' Equity (IFRS)

in kEUR	Share capital	Additional paid-in capital	Other revenue reserves	Retained earnings	Accum. other comprehen-sive income (loss)	Total	Minority interests	Total equity
	Equity attributable to equity holders of the parent							
Balance at Jan 1, 2009	**21,235**	**31,800**	**31,174**	**11,883**	**0**	**96,092**	**718**	**96,810**
Net income	-	-	-	12,454	0	12,454	11	12,465
Sum of the result which is recorded directly in equity	-	-	-	-	1	1	-	1
Total comprehensive income	**0**	**0**	**0**	**12,454**	**1**	**12,455**	**11**	**12,466**
Release additional paid in capital	-	-1,929	-	1,929	-	0	-	0
Dividends	-	-	-	-14,864	-	-14,864	-	-14,864
Stock option plan	-	161	-	-	-	161	-	161
Acquisition of minority interests	-	-223	-	-	-	-223	-729	-952
Balance at Sept 30, 2009	**21,235**	**29,809**	**31,174**	**11,402**	**1**	**93,621**	**0**	**93,621**
Balance at Jan 1, 2008	**21,235**	**31,760**	**20,934**	**12,641**	**0**	**86,570**	**0**	**86,570**
Net income	-	-	-	20,333	0	20,333	-51	20,282
Total comprehensive income	**0**	**0**	**0**	**20,333**	**0**	**20,333**	**-51**	**20,282**
Dividends	-	-	-	-14,864	-	-14,864	-	-14,864
Stock option plan	-	245	-	-	-	245	-	245
Minority interest arising on business combination	-	-	-	-	-	0	1,889	1,889
Acquisition of minority interests	-	-171	-	-	-	-171	-825	-996
Balance at Sept 30, 2008	**21,235**	**31,834**	**20,934**	**18,110**	**0**	**92,113**	**1,013**	**93,126**

See accompanying notes to the consolidated financial statements.

Segment Report (IFRS)

The report of telegate group is structured both in regional segments and sectoral segments. While the regional segments Germany, Italy/Spain and due to the history of telegate group have been retained, within the segment Germany is now additive sectoral segmented due to the growth and the importance of the Media business. The segment Italy/Spain consists of the Directory assistance solutions sector mostly. A sectoral segmentation of the segment Germany was not implemented in the previous year.

In the third quarter 2009, the segment France was classified as discontinued operations, therefore the respective income and expenses were eliminated within the reconciliation.

Management's dominant measurements are consistent with the Company's consolidated financial statements and, accordingly, are reported on the same basis herein.

Management evaluates the performance of its segments and allocates resources to them primarily based on operating income (loss). Intersegment sales are generally accounted for at amounts comparable to sales to unaffiliated customers, and are eliminated in consolidation.

	Germany / Austria						
in TEUR	Directory Assistance Solutions	Media	sum	Italy / Spain	France	Reconciliation	telegate group
01.01.2009 - 30.09.2009							
Revenues							
External revenues	74,608	17,615	92,223	24,929	9,373	-9,373 1)	**117,152**
Inter-segment revenues	116	-	116	-	-	-116	**0**
Total revenues	**74,724**	**17,615**	**92,339**	**24,929**	**9,373**	**-9,489** 1)	**117,152**
Earnings							
EBITDA	35,062	-9,418	25,644	2,492	643	-709 1)	**28,070**
Depreciation and amortization	-4,237	-2,514	-6,751	-1,150	-3,595	3,595 1)	**-7,901**
Financial income/ expense	899	893	1,792	-56	-110	-	**1,626**
Income before income tax	31,724	-11,039	20,685	1,286	-3,062	2,886 1)	**21,795**

			Germany / Austria	Italy / Spain	France	Reconciliation	telegate group
01.01.2008 - 30.09.2008							
Revenues							
External revenues			91,461	30,471	11,333	-11,333 1)	**121,932**
Inter-segment revenues			259	-	-	-259	**0**
Total revenues			**91,720**	**30,471**	**11,333**	**-11,592** 1)	**121,932**
Earnings							
EBITDA			31,612	3,988	-122	-192 1)	**35,286**
Depreciation and amortization			-5,423	-1,414	-690	690 1)	**-6,837**
Financial income/ expense			2,213	-86	-176	-	**1,951**
Income before income tax			28,402	2,488	-988	498 1)	**30,400**

1) Income and expenses of the discontinued operations are not included the consolidated income statement but shown separate as 'income from discontinued operations'.

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1 Description of consolidated financial statements

The business activity of telegate AG comprises the performance of telecommunications services of all kinds, the design and marketing of information data bases and marketing advertisements as well as the performance of directory assistance services via the subscribers in public telephone networks and other directory assistance services in domestic and foreign countries.

The consolidated interim financial report of telegate AG and the subsidiaries which are included in the financial report is prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB) and the International Financial Reporting Standards (IFRS) - as applicable in the European Union - by September 30, 2009.

The interim financial report is 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, 2009 were complied with.

The consolidated interim financial report of telegate AG (hereinafter also the group/telegate/telegate group/company) is stated in Euro. Unless stated otherwise, all values were rounded to thousand (kEUR).

The consolidated annual financial statements and the corporate management report prepared by December 31, 2008 are submitted to the provider of the Electronic Federal Official Gazette and are published electronically in the Federal Official Gazette.

2 Summary of main accounting and valuation principles

The accounting policies adopted in the preparation of this consolidated interim financial report are consistent with those followed in the preparation for the group's consolidated annual financial statements for the year ended December 31, 2008 except for the changes which are explained as follows.

3 Changes of accounting and valuation principles

The group applied following new Financial Reporting Standards and interpretations in the fiscal year 2009. There were no effects on the financial position and condition or profitability due to the application. However, they resulted in additional information.

The mainly effects of these changes can be described as follows:

IFRS 8 Operating segments

In accordance with IFRS 8 companies shall state the segment information on the basis of the information available to the highest decision-taking bodies of the operative business in respect of making decisions about allocation resources of the segment and assessing its performance.

The operating segments displayed since beginning of the actual period which are mainly formed through their geographical area, were modified in the second quarter 2009 (including adjustment of the first quarter 2009) in the way, that within the segment Germany were made a additive sectoral segmentation, due to the growth and the importance of the Media business. For the previous fiscal year this sectoral segmentation was not done, because the generation of the necessary information would be a disproportional work expend for the company.

The operating segment reporting is basically based on International Financial Reporting Standards. So there are no differences compared to the accounting and valuation principles according IFRS, which are applied in the consolidated financial statements of the group.

IFRS 8 was published in November 2006 shall be initially applied for fiscal years starting on or after January 01, 2009. Since the standard concerns the disclosure requirements, the first application had no effects on the financial situation and condition or profitability of the group, but resulted merely in modified footnote disclosures.

IFRIC 13 Customer loyalty programs

Benefits (premiums) granted to customers shall be shown in the balance sheet as individual sales separated from the transaction which was the reason for this grant according to this interpretation. Therefore, a part of the fair value to be attributed of the consideration received is attributed to the benefits (premiums) granted and is charged on the liabilities side to subsequent accounting years. Realization of sales is made in the period when the benefits (premiums) granted are exercised or expire.

IFRIC 13 was published in June 2007 and shall be initially applied for fiscal years starting on or after July 01, 2008. Adoption of this interpretation does not cause any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment.

IFRIC 16 Hedging of an net investment in a foreign operation

The interpretation regulates individual matters resulting in connection with the entry of hedging of foreign currency risks within a company and its foreign businesses on the balance sheet.

IFRIC 16 was published in July 2008 and shall be initially applied for fiscal years starting on or after October 01, 2008. Adoption of this standard does not cause any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment.

IAS 23 Borrowing cost

The most important change compared with the previous version is the abolition of the right to vote to immediately record cost of debt as expenses which are attributable to a particular asset and which requires a substantial period to be able to use or sell it. Therefore, a company has the obligation to enter cost of debt as part of the acquisition or production cost on the assets side.

The revised IAS 23 was published in April 2007 and shall be initially applied for fiscal years starting on or after January 01, 2009. Adoption of this standard does not cause any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment.

IAS 1 Presentation of financial statements

The revised standard requires separate descriptions for equity changes arising from transactions with the shareholders in their capacity as equity suppliers and other equity changes. Total net income of a given period is described in a way that all income and expense items recorded in the profit and loss statement as well as all performance components recorded under the item equity not affecting operating result are shown in one statement or in two statements which are connected to each other.

The revised IAS 1 was published in September 2007 and shall be initially applied for fiscal years starting on or after January 01, 2009. Adoption of this standard has not caused any effect on the financial position and performance of the group.

IFRS 2 Share-based payment

The revised standard basically describes that exercise conditions are exclusively service and performance conditions usual in the market. In addition, it is determined that all cancellations of the plan are treated the same on the balance sheet irrespective of the fact that the cancellation originated from the company or the employee.

The revised IFRS 2 was published in January 2008 and shall be initially applied for fiscal years starting on or after January 01, 2009. Adoption of this standard has not caused any effect on the financial position and performance of the group.

IAS 32 Financial instruments: Presentation and IAS 1 Presentation of financial statements

Revisions of IAS 32 and IAS 1 permit exemptions to a small extent which allow a classification of callable financial instruments as equity provided that they meet certain criteria.

The changes of IAS 32 and IAS 1 were published in February 2008 and shall be initially applied for fiscal years starting on or after January 01, 2009. Adoption of this standard has not caused any effect on the financial position and performance of the group.

IAS 39 Financial instruments: recognition and measurement and IFRS 7 financial instruments: disclosures

“Changes of IAS 39 and IFRS 7 which allow reclassifications of some financial instruments”

Additional information is now required in case of a reclassification, e.g. the reclassified amount for each category; for every reporting period until the debit of the book values and the fair values of all financial assets to be attributed which were reclassified in the current or in previous periods.

The changes of IAS 39 and IFRS 7 were issued in October 2008 and may be used upon request of the company as of July 01, 2008. Adoption of this standard has not caused any effect on the financial position and performance of the group.

IFRIC 15 Agreement for the construction of real estate

The interpretation clarifies when and how income from the sale of a real property unit and connected expenses shall be recorded provided that a project developer and a purchaser enter into an agreement before the completion of the real property.

IFRIC 15 was published in July 2008 and shall be initially applied for fiscal years starting on or after January 01, 2009. It shall be applied with retroactive effect. Adoption of this standard does not cause any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment.

Improvements to IFRSs 2008

In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

IAS 1 Presentation of financial statements

Assets and liabilities classified as held for trading in accordance with IAS 39 Financial instruments: recognition and measurement are not automatically classified as current in the balance sheet.

Adoption of this standard has not caused any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment.

IAS 16 Property, Plant and Equipment

Replace the term “net selling price” with “fair value less costs to sell”.

Adoption of this standard has not caused any effect on the financial position and performance of the group.

IAS 23 Borrowing Costs

The definition of borrowing costs is revised to consolidate the two types of items that are considered components of “borrowing costs” into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

Adoption of this standard has not caused any effect on the financial position and performance of the group.

IAS 28 Investment in associates

If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.

Adoption of this standard has not caused any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment.

IAS 31 Interest in joint ventures

If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirement of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

Adoption of this standard has not caused any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment.

IAS 36 Impairment of assets

When discounted cash flows are used to estimate “fair value less cost to sell” additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate “value in use”.

Adoption of this standard has not caused any effect on the financial position and performance of the group.

IAS 38 Intangible assets

Expenditure on advertising and promotional activities is recognised as an expense when the group either has the right to access the goods or has received the service. Adoption of this standard has not caused any effect on the financial position and performance of the group.

The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed. The group expects that the straight-line method will still appropriate by the useful lives of its intangible assets.
With reference to the following amendments the group anticipates that these changes will have no material effect on the financial statements.

IAS 7 Financial instruments: disclosures

Removal of the reference "total interest income" as a component of finance costs.

IAS 8 Accounting policies, change in accounting estimates and errors

Clarification, that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

IAS 10 Events after the reporting period

Clarification, that dividends declared after the end of the reporting period are not obligations.

IAS 16 Property, plant equipment

Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

IAS 18 Revenue

Replacement of the term "direct costs" with "transaction costs" as defined in IAS 39.

IAS 19 Employee benefits

Revise the definition of "past service costs", "return on plan assets" and "short term" and "other long-term" employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment. Delete the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.

IAS 20 Accounting for government grants and disclosures of government assistance

Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

IAS 27 Consolidated and separate financial statements

When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

IAS 29 Financial reporting in hyperinflationary economies

Revise the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.

IAS 34 Interim financial reporting

Earnings per share are disclosed in interim financial reports if an entity is within the scope of IAS 33.

IAS 39 Financial instruments: recognition and measurement

Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or includes in, the "fair value through profit or loss" classification after initial recognition. Remove the reference in IAS 39 to a "segment" when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.

IAS 40 Investment property

Revision of the scope that property under construction or development for future uses as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.

Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.

IAS 41 Agriculture

Remove the reference to the use of a pre-tax discount rate to determine fair value. Remove the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replacement of the term “point-of-sale costs” with “costs to sell”.

Future changes of accounting and valuation principles

In part there was the possibility of an early application with regard to following new and revised International Financial Reporting Standards (IFRS) as well as interpretations (IFRIC). This option, however, was not exercised by September 30, 2009.

telegate examines the effects from the application to these provisions at the moment and basically does not expect any effect on the financial position and performance of the group. However they will rise to additional disclosures.

IFRIC 18 Transfers of assets from customers

The interpretation is particularly relevant for the utility sector. It clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

IFRIC 18 was published in January 2009 and principle requires entities to apply the interpretation prospectively to transfers of assets from customers received on or after July 1, 2009. Adoption of this standard will not cause any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment. The European Union endorsement is not yet completed.

IFRS 7 Financial instruments: Disclosures

On 5 March 2009, the IASB has issued Improving Disclosures about Financial Instruments (Amendments to IFRS 7). The amendments require enhanced disclosures about fair value measurements and liquidity risk. Among other things, the new disclosures:

- clarify that the existing IFRS 7 fair value disclosures must be made separately for each class of financial instrument
- add disclosure of any change in the method for determining fair value and the reasons for the change
- establish a three-level hierarchy for making fair value measurements:

1. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
2. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) (Level 2); and
3. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

- add disclosure, for each fair value measurement in the statement of financial position, of which level in the hierarchy was used and any transfers between levels, with additional disclosures whenever level 3 is used including a measure of sensitivity to a change in input data
- clarify that the current maturity analysis for non-derivative financial instruments should include issued financial guarantee contracts
- add disclosure of a maturity analysis for derivative financial liabilities

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2009, with earlier application permitted. However, an entity will not be required to provide comparative disclosures in the first year of application. Since the standard relates to disclosure requirements, adoption will not have any effect on the financial position and performance of the group. The European Union endorsement is not yet completed.

IFRIC 9 Reassessment of embedded derivatives and IAS 39 Financial instruments: recognition and measurement

The amendments to IFRIC 9 and IAS 39 clarify the accounting treatment of embedded derivatives for entities that make use of the reclassification amendment to IAS 39 issued in October 2008. The reclassification amendment allows entities to reclassify particular financial instruments out of the fair value through profit or loss category in specific circumstances. These amendments clarify that on reclassification of a financial asset out of the fair value through profit or loss category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.

The amendments were published in March 2009 and apply retrospectively and are required to be applied for annual periods ending on or after 30 June 2009. Adoption of this standard will not cause any effect on the financial position and performance of the group, because this circumstance does not concern telegate at the moment. The European Union endorsement is not yet completed.

Improvements to IFRSs 2007-2009

On 16 April 2009, the IASB issued Improvements to IFRSs – a collection of amendments to twelve International Financial Reporting Standards – as part of its program of annual improvements to its standards. The IASB uses the annual improvements project to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project.

Unless otherwise specified, the amendments are effective for annual periods beginning on or after 1 January 2010, although entities are permitted to adopt them earlier. All changes in relation to IFRS 3R create an exception. They are effective for annual periods beginning on or after 1 July 2009. In the case of an early adoption of IFRS 3R the changes which are associated with it needs to be adopt earlier accordingly. The European Union endorsement is not yet completed.

telegate examines the effects from the application to these provisions at the moment and basically does not expect any effect on the financial position and performance of the group.

The following overview summarises the contents and implications.

IFRS 2 Share-based Payment

“Scope of IFRS 2 and revised IFRS 3”

Clarification that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2 even though they are out of scope of IFRS 3 *Business Combinations*. (retrospective application)

This is expected to have little impact as it is correcting an unintended change in scope introduced with the revisions to IFRS 3.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

“Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations”

Clarifies that the disclosures required in respect of non-current assets or disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. Also clarifies that the general requirements of IAS 1 still apply, particularly paragraphs 15 (to achieve a fair presentation) and 125 (sources of estimation uncertainty) of IAS 1. (retrospective application)

It needs to be analysed which general requirements of IAS 1 still apply to them.

IFRS 8 Operating Segments

“Disclosure of information about segment assets”

Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. (retrospective application)

IAS 1 Presentation of Financial Statements

“Current/non-current classification of convertible instruments”

The terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. (retrospective application)

For entities that have classified the liability components of convertible instruments as short-term, solely on the basis of the holders’ choice to settle that liability with equity, this change is beneficial as liabilities will have to be reclassified to long-term, impacting the entities covenants.

IAS 7 Statement of Cash Flows

"Classification of expenditures on unrecognised assets"

Explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. (retrospective application)

IAS 17 Leases

"Classification of leases of land and buildings"

The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains. (retrospective application)

IAS 18 Revenue

"Determining whether an entity is acting as a principal or as an agent"

The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity:

- has primary responsibility for providing the goods or service;
- has inventory risk;
- has discretion in establishing prices;
- bears the credit risk.

(as the amendment is to the Appendix to IAS 18, no transitional provisions are specified)

So far the telegate group used the guidelines of US GAAP. Therefore these changes should not cause any impact, because according to the IASB opinion the guidelines should be consistently with the regulations of US GAAP.

IAS 36 Impairment of Assets

"Unit of accounting for goodwill impairment test"

Clarification that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. (prospective application)

IAS 38 Intangible Assets

"Additional consequential amendments arising from revised IFRS 3"

Clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives. (prospective application)

"Measuring the fair value of an intangible asset acquired in a business combination"

Clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used. (prospective application).

IAS 39 Financial Instruments: Recognition and Measurement

"Assessment of loan prepayment penalties as embedded derivatives"

The amendment clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. (retrospective application)

"Scope exemption for business combination contract"

Clarifies that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken. (prospective application)

"Cash flow hedge accounting"

Clarification that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss. (prospective application)

IFRIC 9 Reassessment of Embedded Derivatives

"Scope of IFRIC 9 and revised IFRS 3"

The Board amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. (prospective application)

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

"Amendment to the restriction on the entity that can hold hedging instruments"

The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. (effective for annual periods beginning on or after 1 October 2008 in accordance with IFRIC 16)

IFRS 2 Share-based Payment

On 18 June 2009, the IASB issued amendments to IFRS 2 Share-based Payment that clarify the accounting for group cash-settled share-based payment transactions. The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. In these arrangements, the subsidiary receives goods or services from employees or suppliers but its parent or another entity in the group must pay those suppliers.

The amendments make clear that:

An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.

In IFRS 2 a 'group' has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries. The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2–Group and Treasury Share Transactions. As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2–Group and Treasury Share Transactions. As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendments are effective for annual periods beginning on or after 1 January 2010 and must be applied retrospectively. Earlier application is permitted. The European Union endorsement is not yet completed.

telegate examines the effects from the application to these provisions at the moment and basically does not expect any effect on the financial position and performance of the group.

4 Changes in the scope of consolidation

Compared to December 31, 2008, the scope of consolidation changed as at September 30, 2009 as follows.

Change of name of subsidiaries

With effect from January 22, 2009, the former 11880.com GmbH, located in Martinsried, changed its name into Vieras GmbH.

With effect from August 14, 2009, the former telegate 118000 SARL, located in Paris (France), changed its legal from and name into 118000 SAS.

Acquisition of minority interest

In the first quarter 2009 telegate AG increased its share to 100% due to fresh buying's of voting shares. Acquisition costs amounted to kEUR 952 in this connection. The difference between the acquisition costs and the book value of the additionally acquired shares in the amount of kEUR 223 was recorded in the capital reserve not affecting the operating result.

New foundation

On April 14, 2009, telegate AG set up a new company in Armenia, which will be included in the group financial statements starting from April 2009. The company is named telegate LLC. The shares of that company (100 %) are held directly by telegate AG.
The assets and debts of the group's foreign subsidiaries are translated during consolidation using the exchange rate as of balance sheet date. Revenues and expenses are translated using the average exchange rate of the respective reporting period, except in case of significant fluctuations of the exchange rates. The exchange rate differences resulting from the translation are classified as equity and recognized directly in the item "Accumulated other comprehensive income (loss)". The accumulated exchange rate differences are recognized in the Income Statement at the time the consolidated company leaves the group.

5 Presenting the consolidated income statement using the conventional cost of sales method

In accordance with IAS 1.88, an entity can present its income statement using either the total cost accounting or the cost of sales method. telegate has opted to use the cost of sales method. The company's method of presentation fulfils the minimum classification as prescribed by IAS 1.81 and 1.82. Additional items can also be included in the classification to extent these as required in order to shed further light on the enterprise's financial position (IAS 1.83).
External balance sheet users arguably prefer a presentation using the conventional cost 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 the fiscal years 2009 and 2008 respectively.

in TEUR	Extented costs of sales method 9M 2009	Reclassification	Cost of sales method (IAS 1.92) 9M 2009
Continuing operations			
Revenues	117,152	0	117,152
Cost of revenues	-50,884	-7,627	-58,511
Gross Profit (excl. depreciation & amortisation)	**66,268**	**-7,627**	**58,641**
Advertising costs	-8,263	-2,453	-10,716
Personnel costs (only administatration & marketing)	-19,751	19,751	0
Depreciation & amortisation	-7,901	7,901	0
Other administrative expenses	-12,271	-17,572	-29,843
Other operating income / expense	2,087	0	2,087
Total operating expenses	**-46,099**	**7,627**	**-38,472**
Operating income	**20,169**	**0**	**20,169**
Interest income / expense	1,558	0	1,558
Gain / Loss from financial assets & marketable securities	73	0	73
Gain / Loss on foreign currency translation	-5	0	-5
Financial income	**1,626**	**0**	**1,626**
Income before income tax	**21,795**	**0**	**21,795**
Income tax - current	-6,777	0	-6,777
Income tax - deferred	382	0	382
Income tax expense	-6,395	0	-6,395
Income from continuing operations	**15,400**	**0**	**15,400**
Discontinued operations			
Income from discontinued operations	-2,935	0	-2,935
Net income	**12,465**	**0**	**12,465**
Attributable to:			
Equity holders of the parent	12,454	0	12,454
Minority interests	11	0	11

The following reclassifications were made as at September 30 2009 in order to present the figures in accordance with the conventional cost of sales method.

1. Reclassification of depreciation and amortisation, which had previously been reported separately and are now reported under cost of revenues (kEUR 7,627) and other administrative expenses (kEUR 274).
2. Allocation of personnel costs between other administrative expenses (kEUR 17,298) and distribution costs (kEUR 2,453).

in TEUR	Extented costs of sales method 9M 2008	Reclassification	Cost of sales method (IAS 1.92) 9M 2008
Continuing operations			
Revenues	121,932	0	121,932
Cost of revenues	-52,169	-6,555	-58,724
Gross Profit (excl. depreciation & amortisation)	**69,763**	**-6,555**	**63,208**
Advertising costs	-11,757	-2,136	-13,893
Personnel costs (only administatration & marketing)	-17,672	17,672	0
Depreciation & amortisation	-6,837	6,837	0
Other administrative expenses	-11,239	-15,818	-27,057
Other operating income / expense	6,191	0	6,191
Total operating expenses	**-41,314**	**6,555**	**-34,759**
Operating income	**28,449**	**0**	**28,449**
Interest income / expense	1,943	0	1,943
Gain / Loss from financial assets & marketable securities	9	0	9
Gain / Loss on foreign currency translation	-1	0	-1
Financial income	**1,951**	**0**	**1,951**
Income before income tax	**30,400**	**0**	**30,400**
Income tax - current	-9,188	0	-9,188
Income tax - deferred	-417	0	-417
Income tax expense	-9,605	0	-9,605
Income from continuing operations	**20,795**	**0**	**20,795**
Discontinued operations			
Income from discontinued operations	-513	0	-513
Net income	**20,282**	**0**	**20,282**
Attributable to:			
Equity holders of the parent	20,333	0	20,333
Minority interests	-51	0	-51

The following reclassifications were made as at September 30, 2008 in order to present the figures in accordance with the conventional cost of sales method.

1. Reclassification of depreciation and amortisation, which had previously been reported separately and are now reported under cost of revenues (kEUR 6,555) and other administrative expenses (kEUR 282).
2. Allocation of personnel costs between other administrative expenses (kEUR 15,536) and distribution costs (kEUR 2,136).

In the following the reconciliation of the results for the third quarter of 2009 and 2008 respectively.

in TEUR	Extented costs of sales method Q3 2009	Reclassification	Cost of sales method (IAS 1.92) Q3 2009
Continuing operations			
Revenues	38,820	0	38,820
Cost of revenues	-16,257	-2,479	-18,736
Gross Profit (excl. depreciation & amortisation)	**22,563**	**-2,479**	**20,084**
Advertising costs	-2,766	-944	-3,710
Personnel costs (only administatration & marketing)	-6,638	6,638	0
Depreciation & amortisation	-2,565	2,565	0
Other administrative expenses	-4,368	-5,780	-10,148
Other operating income / expense	1,801	0	1,801
Total operating expenses	**-14,536**	**2,479**	**-12,057**
Operating income	**8,027**	**0**	**8,027**
Interest income / expense	467	0	467
Gain / Loss from financial assets & marketable securities	73	0	73
Gain / Loss on foreign currency translation	-3	0	-3
Financial income	**537**	**0**	**537**
Income before income tax	**8,564**	**0**	**8,564**
Income tax - current	-2,859	0	-2,859
Income tax - deferred	0	0	0
Income tax expense	-2,859	0	-2,859
Income from continuing operations	**5,705**	**0**	**5,705**
Discontinued operations			
Income from discontinued operations	223	0	223
Net income	**5,928**	**0**	**5,928**
Attributable to:			
Equity holders of the parent	5,928	0	5,928
Minority interests	0	0	0

The following reclassifications were made in the third quarter 2009 in order to present the figures in accordance with the conventional cost of sales method.

1. Reclassification of depreciation and amortisation, which had previously been reported separately and are now reported under cost of revenues (kEUR 2,479) and other administrative expenses (kEUR 86).
2. Allocation of personnel costs between other administrative expenses (kEUR 5,694) and distribution costs (kEUR 944).

in TEUR	Extented costs of sales method Q3 2008	Reclassification	Cost of sales method (IAS 1.92) Q3 2008
Continuing operations			
Revenues	43,212	0	43,212
Cost of revenues	-18,465	-2,515	-20,980
Gross Profit (excl. depreciation & amortisation)	**24,747**	**-2,515**	**22,232**
Advertising costs	-3,621	-777	-4,398
Personnel costs (only administatration & marketing)	-6,283	6,283	0
Depreciation & amortisation	-2,596	2,596	0
Other administrative expenses	-6,357	-5,587	-11,944
Other operating income / expense	1,648	0	1,648
Total operating expenses	**-17,209**	**2,515**	**-14,694**
Operating income	**7,538**	**0**	**7,538**
Interest income / expense	602	0	602
Gain / Loss from financial assets & marketable securities	-3	0	-3
Gain / Loss on foreign currency translation	1	0	1
Financial income	**600**	**0**	**600**
Income before income tax	**8,138**	**0**	**8,138**
Income tax - current	-2,705	0	-2,705
Income tax - deferred	-1,156	0	-1,156
Income tax expense	-3,861	0	-3,861
Income from continuing operations	**4,277**	**0**	**4,277**
Discontinued operations			
Income from discontinued operations	-15	0	-15
Net income	**4,262**	**0**	**4,262**
Attributable to:			
Equity holders of the parent	4,330	0	4,330
Minority interests	-68	0	-68

The following reclassifications were made in the third quarter 2008 in order to present the figures in accordance with the conventional cost of sales method.

1. Reclassification of depreciation and amortisation, which had previously been reported separately and are now reported under cost of revenues (kEUR 2,515) and other administrative expenses (kEUR 81).
2. Allocation of personnel costs between other administrative expenses (kEUR 5,506) and distribution costs (kEUR 777).

6 Related party disclosures

Business transactions between the company and its subsidiaries which are considered as related companies were eliminated by consolidation and are not disclosed in these notes. Related companies include telegate Holding GmbH (Planegg), which holds a majority stake (61.13%) in telegate AG. All shares in telegate Holding are ultimately held by SEAT Pagine Gialle S.p.A. (Milan). SEAT has a direct holding of 16.24% in telegate AG, and – through the arrangement outlined above – an indirect holding of 61.13%.

The ultimate parent company is SEAT Pagine Gialle S.p.A. (Milan).

Terms and conditions of related party transactions

Services are rendered or received at standard market conditions. Outstanding receivables and liabilities at the reporting date are not hedged and are non-interest-bearing. No valuation adjustments were made for receivables from related companies in either the financial year under review or in the previous year. Financial assets bear interest at normal market rates. Interest income is reported in the period to which it relates in accordance with the accrual principle.

Transactions with related companies

Services rendered or received:

Telegate Italia S.r.L., a wholly owned subsidiary of telegate AG, generated income from services rendered to the SEAT Group of EUR 16.0 million (2008: EUR 18.7 million) in the first 9 months 2009. At the balance sheet date, Telegate Italia S.r.L. reported receivables towards the SEAT-group of EUR 5.9 million (2008: EUR 6.7 million) and liabilities of EUR 22.7 million (2008: EUR 20.0 million).

In addition, a liability exists in the amount of EUR 0.1 million (2008: EUR 2.0 million) which represents a tax liability towards Italian fiscal authorities. This liability is now directed towards SEAT due to the established special agreement on the relationship between the company and SEAT with their own legal personalities subject to corporation income tax.

Fixed-term deposits

telegate AG has invested fixed-term deposits at SEAT Pagine Gialle S.p.A since February 2004 and telegate Auskunftsdienste GmbH since September 2009. At the reporting date, a total of EUR 53.0 million (2008: EUR 47.0 million) was deposited with SEAT. For the reporting period 2009, the interest income from this investment amounted to EUR 1.5 million (2008: EUR 2.1 million). As at the balance sheet date, EUR 0.4 million (2008: EUR 0.3 million) of this amount was deferred and reported as a receivable.

Transactions with related persons

At the balance sheet date three members of the Supervisory Board of telegate AG were employees of the SEAT-group. As at June 30, 2009, Supervisory Board remuneration of kEUR 25 (2008: kEUR 23) was due to these individuals, and an accrual was recognized for this amount in the financial statements.

7 Dividends paid

The proposed appropriation of earnings of the management board and supervisory board was approved according to the resolution of the shareholders´ meeting of May 27, 2009 and the net earnings 2008 in the amount of kEUR 14,864 were used for the a dividend distribution (2008: kEUR 14,864). This corresponds to a dividend of € 0.70 per individual share certificate.

8 Restructurings

To improve efficiency and optimize the cost structure in the area of the directory assistance services, a call center is merging with two others. The detailed and formal restructuring plan was announced to the employees of telegate AG in the second quarter of 2009. The restructuring is expected to be completed within the actual fiscal year.

The total expense which is directly related to the company’s restructuring is not shown separately in the income statement but within each respective line of costs.

	in kEUR
Personnel costs	737
Consulting costs	289
Room rent and other room-related costs	231
Other expenses	147
Restructuring expenses, sum	1,404

As at September 30, 2009 there were still shown following amounts in provisions:

current	486
non-current	267

9 Discontinued operation

In the third quarter 2009, management was committed to a plan to sell the French subsidiary 118000 SAS (former: telegate 118000 SARL), a wholly owned subsidiary of telegate AG, and an active programme to locate a buyer and complete the plan had been initiated.

As at 30 September 2009, 118000 SAS was classified as a disposal group held for sale and as a discontinued operation, since the criteria according to *IFRS 5 Non-current assets held for sale and discontinued operations* are fulfilled.

118000 SAS acts mainly in the directory assistance solution sector and is a separate reportable operating segment that is part of the operations of the group.

The results 118000 SAS for the year are presented below:

	Quarterly Report		**9-Months Report**	
in kEUR	01.07. - 30.09.2009	01.07. - 30.09.2008	01.01. - 30.09.2009	01.01. - 30.09.2008
Revenues	3,126	3,613	9,373	11,333
Expenses	-2,899	-3,623	-12,259	-11,831
Income before income tax	**227**	**-10**	**-2,886**	**-498**
Income tax related to income before income tax	-4	-5	-49	-15
Income from discontinued operations	**223**	**-15**	**-2,935**	**-513**

The major classes of assets and liabilities of 118000 SAS classified as held for sale as at September 30, 2009 are as follows:

in kEUR	**30-Sep-09**
Assets	
Cash and cash equivalents	669
Trade accounts receivable	2,383
Prepaid expenses and other current assets	198
Goodwill	0
Intangible assets	640
Property and equipment	688
Other financial assets	11
Assets of disposal group classified as held for sale	**4,588**
Liabilities	
Trade accounts payable	811
Accrued liabilities	1,930
Current provisions	74
Other current liabilities	604
Liabilities directly associated with the assets classified as held for sale	**3,419**
Net assets directly associated with disposal group	**1,169**

The net cash flows incurred by 118000 SAS are as follows:

in kEUR	01.01. - 30.09.2009	01.01. - 30.09.2008
Operating activities	978	496
Investing activities	-324	-496
Financing activities	0	0
Net cash flows	**654***	**0***

*) without intercompany - transactions and cash pooling

10 Impairment of assets

Goodwill

Cash generating unit “118000 SAS” (former: telegate 118 000 SARL)

The recoverable amount of the cash generating item 'tollgate 118000 SARL' is determined on the basis of a calculation of a utility value using cash flow forecasts which are based on actual financing plan. The cash flow forecasts were updated in order to meet the expected accelerated decrease of the French directory assistance service market, due to the price announcement at the beginning of the call which was enacted by the legislative body effective from the 01st January 2010. The discounting rate used for the cash flow forecasts is 11% (2008: 11%) before taxes. As a result of this analysis in the second quarter 2009 the management recorded for the goodwill amounted to 2,413 kEUR an impairment loss in the full amount which is recorded in the income from discontinued operations since the third quarter 2009.

Sensitivity to changes in assumptions

In the opinion of the management following substantial assumptions have the main influence on the valuation of the respective cash value of the cash generating unit and are verified on a regular base:

- Discount factor: Based on the average capital costs of the group the discount factor was determined and the specific risks of the appropriate cash generating unit were adjusted. Changes of the market or company may raise in an adjustment of the discount factor.
- Changes in the market volume mainly in the Directory assistance solutions business may cause significant influence on the future payment flow of the cash generating unit.
- Changes in the customers demand mainly in the Media business may cause significant influence on the future payment flow of the cash generating unit.

Property and equipment

A certain part of the property, plant and equipment of the segment “France” were impaired due to capacity adjustments in an amount of kEUR 561 in the second quarter 2009. Since the third quarter 2009 this has been recognized in the income from discontinued operations.

11 Cash and cash equivalents at end of reporting period

The consolidated statement of cash flows includes also the flow of payments from 118000 SAS, classified as a disposal group held for sale and as a discontinued operation. The cash and cash equivalents are composed as follows:

in kEUR	1.1.- 30.09.2009	1.1.- 30.09.2008
Cash and cash equivalents of continuing operations	60,105	53,020
Cash and cash equivalents of the disposal group	669	0,000
Total	60,774	53,020

12 Other operating income/expenses

kEUR 1,700 were collected in the third quarter 2009 which affects the net income in order to avoid claims made by telegate AG.

13 Corporate Governance Code

The joint declaration of compliance of the management board and supervisory board of telegate AG in accordance with section 161 AktG - German Corporation Law was made in December 2008. The exact wording of the declaration can be retrieved under www.telegate.com.

Planegg-Martinsried, October 30, 2009

The Management Board

Corporate Structure telegate group