9-Months Report 2013

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Letter from the Management Board

Dear shareholders, customers and business partners,

In this report we present the financial results for the first nine months and the third quarter of 2013.

There are still three months to go before the end of the year. We will use this time to achieve our important objective of breaking even with our media business. For over two years, i.e. since the first half of the 2011 financial year, we have continuously reduced our losses in this segment and improved our profitability. Customer retention has also grown significantly during this period, bringing us much closer to breaking even. This is something we achieved with a substantially smaller sales team. We have therefore succeeded in making our online business considerably more efficient and sustainable with lower costs.

At the end of August this year, the annual general meeting voted on the extraordinarily high dividend of EUR 2.00 per share that had previously been announced. As the outcome of the vote was positive, you, our shareholders, were able to share in the legal success of the year-long litigation concerning excessive data costs. The legal dispute with Deutsche Telekom is continuing because a final ruling has yet to be issued in other major court proceedings in which the amount in dispute is approximately EUR 110 million.

Over the past nine months of 2013, telegate has also progressively evolved into an important search engine of local information for German consumers. An average of more than one million search queries are answered each day around the clock 365 days per year. What is more, telegate provides answers not just online but also quickly and conveniently by telephone.

Our products, all of which complement each other intelligently to create an optimised online presence for small and medium-sized companies, are gaining traction. Particularly the local offerings provided in partnership with the app supplier AroundMe are becoming increasingly popular. The positive acceptance of the product stems from the fact that the local offerings benefit both sides: the consumer who enjoys a bargain or a special offer while travelling and the business that can gain new customers at short notice with special offers. Half a year after market launch, the proportion of completed purchase processes currently achieved with the local offerings is now at the level achieved by the online shops. However, the other modules that we offer companies to generate new customers over the Internet are also becoming increasingly established. Regular, transparent demonstration of the impact of our advertising packages is especially effective in persuading small and medium-sized companies to choose telegate as a partner.

We appreciate your continued support in this endeavour and thank you for your trust in us.

Planegg-Martinsried, October 30, 2013

Elio Schiavo
Chief Executive Officer

Ralf Grüßhaber
Chief Financial Officer

Key Financial Figures

in m Euro	9M 2013	9M 2012	Variance absolute	Variance in Percent
Revenues & profit Group				
Revenues	55.2	66.4	-11.3	-17%
EBITDA[1]	5.4	40.7	-35.3	-87%
EBITDA[1] before non-recurring items	8.1	11.0	-3.0	-27%
Non-recurring items from data cost claims	0.3	-32.7	33.0	-
Non-recurring items from adaption of structural costs	2.4	3.0	-0.6	-19%
Net income	-1.9	23.3	-25.2	-
Details Segment Germany / Austria				
Revenues Media	23.8	25.7	-1.9	-7%
EBITDA[1] before non-recurring items Media	-2.7	-4.9	2.2	44%
Revenues Classic DA	31.4	40.7	-9.4	-23%
EBITDA[1] before non-recurring items Classic DA	10.8	15.9	-5.1	-32%
Balance Sheet				
Balance sheet total	105.9	127.0	-21.1	-17%
Cash, cash equivalents & financial assets	37.7	74.8	-37.1	-50%
Equity	61.0	77.3	-16.3	-21%
Equity ratio (in percent)	58%	61%	-	-
Cash flow				
Operating Cash flow	-10.5	36.2	-46.7	-
Operating Cash flow adjusted by effects from data cost claims and tax audit	0.8	3.6	-2.8	-77%
Net Cash flow[2] adjusted by effects from data cost claims, tax audit & reclassification of financial assets	-5.2	1.2	-6.4	-
KPIs telegate share				
Earnings per share (in Euro)	-0.10	1.22	-1.32	-
Share price[3] (in Euro)	6.63	5.74	0.89	15%
Market capitalization	126.6	109.7	16.9	15%
Employees				
Number of employees[4]	1,163	1,303	-140	-11%

[1] Earnings before interest, tax and depreciation
[2] Operating CF + investing CF +/- interest income/expenses
[3] XETRA-closing prices as of last trading day
[4] Headcount as of September 30

Management Report

In summary: 9-month report 2013

After the end of the first nine months of the current financial year, telegate's operating business was still developing in line with planning. In the Media business, important advances were made in the third quarter once again with a significant improvement in profitability. We also scored a further success in our litigation with Deutsche Telekom AG. An action brought by the former monopolist against telegate AG seeking payment of data costs of € 5.5 million for the years 2005 to 2008 was dismissed by the Düsseldorf Higher Regional Court. We believe this provides a positive basis for ongoing suits, in which over € 100 million in favour of telegate is still in dispute.

In the first nine months, the Media division achieved a significant 44 percent improvement in terms of earnings (EBITDA) before non-recurring effects. In addition to an optimised cost structure, this was mainly achieved with a smaller but more efficient sales team plus a higher level of customer satisfaction and hence a reduced churn rate. Designed to safeguard sustainable gains, these actions lowered revenue in the reporting period as expected by 7 percent – although the decline in the third quarter was just -4 percent and thus lower than the figure for the first two quarters. The most important indicator of improved customer satisfaction is the churn rate, which fell further by 19 percent compared with last year.

Revenue in the traditional directory assistance business continued to decline, as expected, though also at a slower pace than in the two preceding quarters. The effects of the company’s transformation can also be seen in Media’s share of total revenue. The Media division now contributes 43 percent to overall revenue: In the first nine months of the previous year, this figure was only 39 percent.

Following the pattern of previous quarters, the margin differences for the two divisions – traditional directory assistance and media – led to an overall decline in profitability. At € 8.1 million, consolidated earnings (EBITDA before non-recurring effects) from continuing operations after nine months was in line with the guidance of € 10-12 million.

Financial situation

Financial performance

Consolidated revenue in the first nine months was € 55.2 million, down 17 percent from the previous year’s figure of € 66.4 million. The decline in revenue for the traditional directory assistance business was 23 percent and thus comparable to figures seen in previous years. Year-on-year, revenue from the Media business has declined by 7 percent, with the decline having slowed considerably in the third quarter. The slight decline in revenue is due to an increased focus on greater sustainability and efficiency in the sales process. As a result, revenue per sales employee was up considerably year-on-year despite a reduction in sales capacity. The tangible improvement in the business’s profitability shows that this strategy is the right one.

Adjusted for non-recurring effects, the consolidated cost of sales was € 24.4 million in the first nine months of 2013 and has decreased year-on-year by 9 percent (previous year: € 26.8 million). This is due primarily lower capacity costs in traditional voice-based directory inquiries as a result of consolidating Stralsund’s call centre operations with Rostock and Neubrandenburg. The disproportionately low cost savings in terms of cost of sales on account of the downturn in revenue triggered a decline in the gross profit margin adjusted for non-recurring effects from 60 to 56 percent.

Selling and distribution costs continued to show a highly positive development. Adjusted for non-recurring effects, they again declined significantly, by 21 percent from € 28.0 million to € 22.1 million. The primary reason for this sustained, positive development is to be found in reduced expenditure on advertising and marketing, alongside reduced sales personnel costs in the Media division resulting, among others, from the reduction in sales employee numbers.

General administrative expenses adjusted for non-recurring effects continued to decrease moderately by € 0.7 million in the first nine months, from € 9.2 million to € 8.5 million.

Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) from continuing operations adjusted for non-recurring effects decreased from € 11.0 million to € 8.1 million. It should be noted that sales commission is now capitalised (both in the current and the previous reporting period). Non-recurring effects in the first nine months totalled € 2.7 million (previous year: € -29.7 million). These include non-recurring effects from structural cost adjustments of € 2.4 million (previous year: € 3.0 million) plus expenses for data cost litigation of € 0.3 million (previous year: € -32.7 million). The prior-year figures include income from the first two data cost lawsuits won by the former Datagate GmbH and Telegate Media AG.

Earnings after taxes amounted to € -1.9 million in the first nine months compared with € 23.3 million in the previous year (prior-year figure included the effect from data cost litigation). This also includes the earnings from the discontinued operations in Spain, which was € -0.2 million (previous year: € 0.0 million).

Financial position and cash flows

Investments

Investments in the first nine months of 2013 totalled € 5.6 million (previous year: € 2.3 million). Acquisitions, which rose as planned year-on-year, are related to the modernisation of the technology used in voice-based directory assistance services. The company is currently migrating its entire technology to a state-of-the-art IP-enabled system. Over the next years, investments in this field will therefore be significantly lower.

Balance Sheet

As of 30 September 2013, total assets amounted to € 105.9 million, showing a year-on-year decrease of € 21.1 million (30 September 2012: € 127.0 million).

Current assets decreased by € 20.3 million to € 81.3 million (30 September 2012: € 101.7 million). This was due to the cash outflow for the dividends from the won data cost actions that were paid for the shares held in free float. So far, no dividends have been paid for the shares held by Seat. The corresponding item is reported under other financial liabilities. The cash to be used to pay the Seat dividends is recorded in a separate account and reported under other financial assets. The decline in trade accounts receivable is attributable to the downturn experienced in the directory inquiries business and the correspondingly lower sales volume.

Non-current assets decreased marginally by € 0.7 million to € 24.6 million (30 September 2012: € 25.3 million). While intangible assets were down € 2.4 million, property, plant and equipment rose by € 2.2 million as a result of investments in the modernisation of the technology used in voice-based directory assistance services.

Liabilities decreased by € 4.8 million to € 44.9 million (30 September 2012: € 49.7 million). This change stems in part from the reduction in current liabilities by € 2.8 million. This sum reflects on the one hand the derecognition through profit or loss of a liability vis-à-vis Deutsche Telekom due to the successful outcome of data cost litigation (Deutsche Telekom conditionally transferred around € 12 million in 2007; this became final in 2012). This stands in contrast to a € 24.2 million increase in other financial liabilities owing to the recognition of the outstanding dividend payable to Seat as a liability.

Equity declined by € 16.3 million year-on-year to € 61.0 million (30 September 2012: € 77.3 million). On the reporting date of 30 September 2013, net retained profits were € 5.5 million (30 September 2012: € 1.7 million). Net retained profits decreased by € 40.2 million compared with 31 December 2012, mainly in connection with the dividend. On the reporting date of 30 September 2013, the equity ratio was 57.6 percent (30 September 2012: 60.8 percent; 31 December 2012: 70.2 percent).

Cash flow & financing

Cash flow from operations in the first nine months of 2013 amounted to € -10.5 million, down from € 36.2 million in the prior-year period. Adjusted for cash effects from data cost litigations and the tax audit, cash flow from operations was € 0.8 million, as against € 3.6 million in the previous year.

In the first nine months, the cash flow from investments was € -55.3 million, compared with the previous year's figure of € -2.7 million. Here, net cash of € 25.0 million was used in 2013 to acquire fixed-income securities with good credit ratings (previously disclosed under cash and cash equivalents). At the same time, € 24.2 million was reported under cash flow from investments in the current fixed-term deposits item. This relates to the outstanding dividend payable to Seat for the 2012 financial year. Adjusted for the acquisition of fixed-term deposits and financial assets, the cash flow from investments amounted to € -6.2 million (previous year: € -2.7 million). The higher expenditure compared with the previous year mainly results from the cash outflow for modernising the infrastructure for the traditional voice-based directory assistance services. This contrasts with an inflow of cash of € 0.6 million from the sale of the Spanish operations in June 2013.

The cash flow from financing activities was € -14.8 million in the first nine months of 2013 (previous year: € +2.2 million). In this context, it should be noted that the cash flow from the previous year had included a cash inflow of € 8.6 million from the data cost lawsuits that was reported under net interest income.

After adjusting for data cost effects and expenses in connection with the tax audit, net cash flow (cash flow from operations + cash flow from investing activities +/- interest income/expense) in the first nine months amounted to € -5.2 million compared with € 1.2 million in the same period of the previous year.

Cash and cash equivalents and available-for-sale financial assets totalled € 37.7 million on 30 September 2013 (30 September 2012: € 74.8 million; 31 December 2012: € 93.3 million). The cash available for the outstanding dividend payment to Seat is not reflected in this item.

Segment report

Germany/Austria

Increasing the coverage of our Media products remains one of our principal objectives. In this context, we are delighted to report that we recently signed a cooperation agreement with the well-known information portal Cylex. In searches using Google, our media entries that will be listed at Cylex in the future will benefit because the portal is search engine optimised and often appears among the initial hits in Google searches. We are confident that this cooperation will lead to even better coverage and higher customer loyalty in the medium and long term.

Further progress is also being made in increasing customer satisfaction and customer loyalty in the Media division. The trend in churn rate, which is very important for the long-term success of our business model, is positive and shows a clear improvement of 19 percent year-on-year for the first nine months. The trend in 24-month contracts also continues to show promise, with 68 percent of new customers signing a 24-month contract in the first nine months of the year (previous year: 40 percent).

In the reporting period now ended, revenue in the Media division declined by 7 percent to € 23.8 million (previous year: € 25.7 million). The Media business now accounts for around 43 percent of total revenue (previous year: 39 percent). From a full cost perspective, nine-month earnings (EBITDA) before non-recurring effects in the Media division were € -2.7 million, representing a substantial year-on-year improvement of € 2.2 million or 44 percent (previous year: € -4.9 million). This development is a consequence of a strategy of focusing on both sustainability and profitability. Our goal remains to achieve break-even in the Media division by the end of 2013. Year-on-year, revenue in the traditional directory assistance business decreased by 23 percent to € 31.4 million (previous year: € 40.7 million). Similar to the Media business, however, the decrease in the third quarter was smaller than in the first two quarters of the year. On a full cost basis, earnings (EBITDA) before non-recurring effects fell in the first nine months by 32 percent to € 10.8 million (previous year: € 15.9 million).

Consolidated revenue for the Germany segment decreased by € 11.3 million or 17 percent to € 55.2 million (previous year: € 66.4 million). The segment result (EBITDA) before non-recurring effects decreased compared to the prior-year period by € 2.9 million to € 8.1 million (previous year: € 11.0 million). The non-recurring effects recognised in the first nine months amount to € 2.4 million (previous year: € 3.0 million). In this context it has to be noted that sales commission totalling € 2.8 million was capitalised in the first nine months of 2013 and is therefore not accounted for in EBITDA (previous year: € 3.5 million).

Spain

telegate AG disposed of its Spanish business with effect from 7 June 2013. Prior to this date, the Spain segment generated revenue of € 1.9 million (previous year 9 months: € 4.8 million) and EBITDA of € 0.7 million (previous year 9 months: € 0.6 million) in 2013.

Outlook

For the traditional directory assistance business, our forecast of a persistent negative trend in caller volume remains unchanged. Actions to increase revenue per user and reduce expenditure – especially in terms of personnel and marketing – will be taken to limit the downturn in revenue and earnings as far as possible.

For the Media division, we will continue to focus primarily on improving earnings. In terms of new customer business, the measures introduced to drive product portfolio improvements and long-term gains in sales efficiency will continue to be pursued as before. As shown by current business developments, revenue has fallen in the first nine months, although the decline again was reduced in the third quarter. The lower level of revenue is a deliberate consequence of the strong focus on satisfying customers and improving margins. Over the course of the year's final quarter, we once again expect to see revenue development regain its positive momentum. Regarding profitability, our goal remains to achieve break-even in the Media division by the end of 2013.

At the Group level, we expect revenues to fall by about 15 to 20 percent over the course of the year. Taking into account the measures planned in the Media division to increase profitability and the cost savings planned across all operating segments, we expect EBITDA before non-recurring effects to be in the € 10–12 million range for the 2013 financial year.

Employees

On 30 September 2013, the telegate Group had 1,163 employees (head count; excluding trainees, "mini-jobs" and dormant employment contracts). Year-on-year, this represents a decline of 11 percent (previous year: 1,303). This decline is primarily due to capacity adjustments made within the declining traditional directory assistance business and a reduction in sales capacities in the Media division.

Planegg-Martinsried, 29 October 2013
The Management Board

Consolidated Statements of Operations (IFRS)

in kEUR	Quarterly Report (unaudited) Q3 2013	Q3 2012	9-Months Report (unaudited) 9M 2013	9M 2012
Continuing operations				
Revenues	18,212	21,361	55,171	66,426
Cost of revenues	-8,021	-9,878	-25,544	-29,189
Gross Profit	**10,191**	**11,483**	**29,627**	**37,237**
Selling and distribution costs	-7,720	-9,576	-22,942	-28,885
General administrative expenses	-2,915	-3,653	-9,690	-10,657
Other operating income	69	40,872	453	40,874
Other operating expense	-10	-6,536	-33	-6,548
Operating income (loss)	**-385**	**32,590**	**-2,585**	**32,021**
Interest income	23	8,645	125	8,870
Interest expense	-34	-13	-120	-39
Gain (loss) from marketable securities	18	0	18	0
Gain (loss) on foreign currency translation	0	-1	0	-2
Financial income (loss)	**7**	**8,631**	**23**	**8,829**
Income (loss) before income tax	**-378**	**41,221**	**-2,562**	**40,850**
Current income tax	69	-10,832	60	-11,523
Deferred income tax	184	-6,850	742	-6,028
Income tax	**253**	**-17,682**	**802**	**-17,551**
Net income (loss) from continuing operations	**-125**	**23,539**	**-1,760**	**23,299**
Discontinued operation				
Net income (loss) from discontinued operations	155	502	-175	-44
Net income (loss)	**30**	**24,041**	**-1,935**	**23,255**
Basic and dilutive earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	0.00	1.26	-0.10	1.22
Earnings per share for continuing operations - basic and dilutive, for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	-0.01	1.23	-0.09	1.22
Earnings per share for discontinued operation - basic and dilutive, for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	0.01	0.03	-0.01	0.00

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income (IFRS)

	Quarterly Report (unaudited)		9-Months Report (unaudited)	
in kEUR	Q3 2013	Q3 2012	9M 2013	9M 2012
Net income (loss)	**30**	**24,041**	**-1,935**	**23,255**
Other comprehensive income (loss)				
Items which can be reclassified subsequently into the profit or loss				
Available for sale financial assets	51	0	46	0
Foreign currency translation differences	0	0	0	1
Other comprehensive income (loss) after tax	**51**	**0**	**46**	**1**
Total comprehensive income (loss)	**81**	**24,041**	**-1,889**	**23,256**
Thereof from:				
continuing operations	-74	23,539	-1,714	23,300
discontinued operations	155	502	-175	-44
	81	**24,041**	**-1,889**	**23,256**

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets (IFRS)

Assets in kEUR	(unaudited) Sept 30, 2013	(unaudited) Sept 30, 2012 *	Dec 31, 2012
Current assets			
Cash and cash equivalents	12,621	74,795	93,250
Trade accounts receivable	13,485	15,538	16,266
Current tax assets	336	1,154	27
Available for sale financial assets	25,054	0	0
Other financial assets	25,600	1,085	1,162
Other current assets	4,230	6,396	7,926
Assets of disposal group classified as held for sale	0	2,683	0
Total current assets	**81,326**	**101,651**	**118,631**
Non-current assets			
Goodwill	6,773	6,731	6,746
Intangible assets	11,739	14,185	12,252
Property and equipment	6,043	3,816	5,952
Other financial assets	15	208	200
Other non-current assets	0	312	3
Deferred tax asset	13	73	266
Total non-current assets	**24,583**	**25,325**	**25,419**
Total assets	**105,909**	**126,976**	**144,050**

Liabilities and equity in kEUR	Sept 30, 2013	Sept 30, 2012 *	Dec 31, 2012
Current liabilities			
Trade accounts payable	1,594	1,079	4,286
Accrued liabilities	9,907	13,817	16,171
Provisions	1,876	1,826	3,398
Current tax liabilities	1,028	11,521	12,094
Other financial liabilities	24,214	0	0
Other current liabilities	2,458	15,120	2,540
Liabilities directly associated with the assets classified as held for sale	0	560	0
Total current liabilities	**41,077**	**43,923**	**38,489**
Non-current liabilities			
Provisions	364	260	262
Deferred tax liability	3,502	5,535	4,222
Total non-current liabilities	**3,866**	**5,795**	**4,484**
Total liabilities	**44,943**	**49,718**	**42,973**
Equity			
Share capital	19,111	19,111	19,111
Additional paid in capital	32,059	32,059	32,059
Other revenue reserves	4,236	24,401	4,236
Retained earnings	5,513	1,687	45,670
Other components of equity	47	0	1
Total equity	**60,966**	**77,258**	**101,077**
Total liabilities and equity	**105,909**	**126,976**	**144,050**

*Amounts adjusted according to IAS 8 (details see number 5 of the notes to the consolidated financial statements).

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows (IFRS)

in kEUR	(unaudited) 9M 2013	(unaudited) 9M 2012 *
Cash flows from operating activities		
Income (loss) before income tax from continuing operations	-2,562	40,850
Income (loss) before income tax from discontinued operation	-160	449
Income (loss) before income tax	**-2,722**	**41,299**
Adjustments for:		
Amortisation and impairment of intangible assets	3,619	4,301
Depreciation and impairment of property and equipment	1,629	1,104
Gain (loss) on disposal of property and equipment	7	13
Gain (loss) from goverment grants	-8	-9
Interest income	-125	-8,870
Interest expense	123	44
Gain (loss) from marketable securities	-18	0
Gain (loss) on foreign currency translation	0	2
Valuation allowance for trade accounts receivable	-477	4
Derecognition current financial asset	638	0
Gain (loss) from the sale of subsidiaries	690	0
Changes in non-current provisions	20	-362
Changes in non-current other and financial assets	-1,133	196
Operating profit before changes in operating assets and liabilities	***2,243***	***37,722***
Changes in operating assets and liabilities:		
Trade accounts receivable	1,775	1,773
Other current and financial assets	2,835	-2,098
Trade accounts payable	339	-240
Current provisions	-1,482	204
Accrued expenses and other current liabilities	-4,884	-779
Income taxes paid	-11,302	-350
Cash provided by (used in) operating activities	**-10,476**	**36,232**
Cash flows from investing activities		
Purchase of intangible assets	-3,002	-1,303
Purchase of property and equipment	-3,702	-1,379
Proceeds from sale of property and equipment	0	12
Paid subsequent purchase price adjustment	-27	0
Disposal of subsidiaries, net of cash disposed of	555	0
Proceeds from government grants	8	9
Purchase of short-term fixed deposit investments	-24,209	0
Purchase of available for sale financial assets	-52,981	0
Disposal of available for sale financial assets	28,012	0
Cash provided by (used in) investing activities	**-55,346**	**-2,661**
Cash flows from financing activities		
Dividends paid	-14,014	-6,690
Interest received	96	8,882
Interest paid	-889	-10
Cash provided by (used in) financing activities	**-14,807**	**2,182**
Effect of exchange rate changes on cash and cash equivalents	**0**	**-2**
Change in cash and cash equivalents	**-80,629**	**35,751**
Cash and cash equivalents at the beginning of reporting period	**93,250**	**39,048**
Cash and cash equivalents at the end of reporting period	**12,621**	**74,799**
Cash and cash equivalents as well as short-term available for sale financial assets at the end of reporting period	*37,675*	*74,799*

*Amounts adjusted according to IAS 8 (details see number 5 of the notes to the consolidated financial statements).

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	Other components of equity	Total equity
Balance at Jan 1, 2013	**19,111**	**32,059**	**4,236**	**45,670**	**1**	**101,077**
Net income (loss)				-1,935		-1,935
Available for sale financial assets					*46*	*46*
Foreign currency translation					0	0
Other comprehensive income (loss)					46	46
Total comprehensive income (loss)	**0**	**0**	**0**	**-1,935**	**46**	**-1,889**
Dividends				-38,222		-38,222
Balance at Sept 30, 2013	**19,111**	**32,059**	**4,236**	**5,513**	**47**	**60,966**
Balance at Jan 1, 2012 *	**19,111**	**32,059**	**24,401**	**-14,878**	**-1**	**60,692**
Net income (loss)				23,255		23,255
Available for sale financial assets					0	0
Foreign currency translation					*1*	*1*
Other comprehensive income (loss)					1	1
Total comprehensive income (loss)	**0**	**0**	**0**	**23,255**	**1**	**23,256**
Dividends				-6,690		-6,690
Balance at Sept 30, 2012	**19,111**	**32,059**	**24,401**	**1,687**	**0**	**77,258**

*Amounts adjusted according to IAS 8 (details see number 5 of the notes to the consolidated financial statements).
See accompanying notes to the consolidated financial statement.

Segment Report (IFRS)

The activities of the telegate group are assigned to operating segments for the purpose of management control.

In addition to the historically developed regional segmentation of Germany/Austria and Spain, the Germany/Austria segment is further divided into DA Solutions and Media.

The 'DA Solutions' operating segment offers the user information and DA services via various service channels in Germany and Austria. The 'Media' operating segment provides advertising services for SMEs mainly in Germany.

The 'Spain' operating segment comprises all activities on the Spanish market, which almost exclusively concern DA Solutions. With effect of June 07, 2013 the operating segment 'Spain' was sold. Revenues and costs connected with this discontinued operation were eliminated within the scope of reconciliation.

The prevailing measurement standards of the Management Board correspond to those in the consolidated financial statements of the group and are presented in this report on the same basis. Performance of the segments is assessed and resources are allocated to the segments mainly based on operating results.

The management controls the segments on the basis of earnings performance indicators up to EBITDA. As of the current fiscal year depreciation on intangible assets of capitalized sales commissions are no longer considered by the calculation of the EBITDA but disclosed within the depreciation and amortization; the figures of the previous year were correspondingly adjusted. Capital allocation (liabilities and assets) within the Germany/Austria segment is not controlled at division level.

Financial income and financial expenses as well as income taxes are not components of net income, since these are decided centrally and are not subject to the direct control of segment management. Elimination is carried out at the level of Germany/Austria and Spain. In accordance with IFRS 8.27, net segment income was carried over to net profit or loss for the period before taxes. The presentation for 2012 was correspondingly adjusted.

Intersegment sales are recognized at amounts comparable with sales to third party customers and are eliminated during consolidation.

	Germany / Austria					
in kEUR	Directory Assistance Solutions	Media	sum	Spain	Reconciliation [1)]	telegate group
01.01. - 30.09.2013						
Revenues						
External revenues	31,389	23,782	55,171	1,875	-1,875	**55,171**
Inter-segment revenues	0	0	0	0	0	**0**
Total revenues	**31,389**	**23,782**	**55,171**	**1,875**	**-1,875**	**55,171**
Earnings						
Earnings before interest, taxes, depreciation and amortization (EBITDA)	9,751	-4,077	5,674	678	-991	**5,361**
Depreciation and amortization	-2,953	-4,993	-7,946	-148	148	**-7,946**
Financial income (loss)			-18	38	3	**23**
Income (loss) before income tax			-2,290	568	-840	**-2,562**

in kEUR	Germany / Austria Directory Assistance Solutions	Media	sum	Spain	Reconciliation [1]	telegate group
01.01. - 30.09.2012						
Revenues						
External revenues	40,744	25,682	66,426	4,835	-4,835	**66,426**
Inter-segment revenues	4	0	4	0	-4	**0**
Total revenues	**40,748**	**25,682**	**66,430**	**4,835**	**-4,839**	**66,426**
Earnings						
Earnings before interest, taxes, depreciation and amortization (EBITDA)	14,036	-5,946	8,090	593	32,019	**40,702**
Depreciation and amortization	-2,677	-6,004	-8,681	-181	181	**-8,681**
Financial income (loss)			201	49	8,579	**8,829**
Income (loss) before income tax			-390	461	40,779	**40,850**

[1] The effects of data cost proceedings are not a component of net segment income, since they would have impaired the quality of information provided by the development of the segments due to their special nature. The data cost proceedings resulted in an EBITDA of kEUR ./. 310 (2012: kEUR 32,654), interest income of kEUR 0 (2012: kEUR 8,574) and income (loss) before income tax of kEUR ./. 310 (2012: kEUR 41,228).
All other positions within the reconciliation refer to the elimination of sales and costs of the discontinued opertion because revenues and costs of the discontinued operation are not included in the group’s profit and loss statement. They are shown separately as 'Net income (loss) from discontinued operation'.

See accompanying notes to the consolidated financial statement.

Notes to the Consolidated Financial Statements

1 Description of consolidated financial statements

The business operations 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 DA services (directory assistance services) via the subscribers in public telephone networks and other DA services at home and abroad.

The consolidated interim financial statements of telegate AG and the subsidiaries included in the financial statements were 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, 2013.

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 IFRS Interpretations Committee (formerly IFRIC), that were mandatory applicable per September 30, 2013, were complied with.

The consolidated interim financial report of telegate AG (hereinafter also the group/telegate/telegate group/company) is stated in Euro (EUR). Unless stated otherwise, all values were rounded to Euro thousand . For computational reasons, rounding differences of the mathematically exact values may occur in tables and references.

Preparation of the consolidated financial statements is basically made by using the acquisition cost concept.

telegate AG is a stock corporation with seat in Martinsried near Munich, Germany. The shares of telegate AG are traded publicly.

The consolidated annual financial statements and corporate management report prepared by December 31, 2012 are submitted to the provider of the electronic Federal Official Gazette and electronically published 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 fiscal year 2012 except for the changes which are explained as follows.

3 Changes of accounting and valuation principles

IFRS 7 Financial instruments: Disclosures

The new disclosures under IFRS 7 are to include future gross and net amounts from offsetting as well as amounts for existing offsetting rights which do not satisfy the requirements for the presentation of net amounts.

The amendment was published in December 2011 and shall be applied for the first time for financial years and interim periods beginning on or after January 01, 2013 (retrospective application). This change affects only the disclosure requirements and has no effect on the accounting methods applied by the group.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 introduce new rules for the presentation of positions in other income. Users are given the choice of presenting a single statement of comprehensive income or presenting a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income. Only the presentation of other income is amended such that subtotals are required for line items that can be recycled (e.g. foreign currency translation) as well as those that cannot be recycled.

The amendment to IAS 1 was published in June 2011 and shall be applied for the first time in the financial year beginning on or after July 01, 2012. This amendment to IAS 1 solely concerns the presentation in the consolidated financial statements and thus does not affect the group's financial position, cash flows and financial performance.

IAS 19 Employee Benefits (revised 2011)

In June 2011 the IASB published comprehensive amendments to IAS 19 and shall be applied for the first time in the financial year beginning on or after January 01, 2013.

Actuarial gains and losses are to be recognized directly in other comprehensive income; i.e. the corridor method has been eliminated. Other amendments relate among others to the presentation of changes in the net liability or in net assets from defined benefit plans and expanded disclosures in the notes regarding such defined benefit plans. By the change of IAS 19 the term remeasurements were new introduced.

They are composed by actuarial gains and losses, return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset) and any change in the effect of the asset ceiling. They will be recognized in total in the other comprehensive income in the reporting period, in which they occur and be transferred in other reserve revenue because a reclassification into the income statement will never happen. Amounts to be recognized in the income statement compose current service cost, any past service cost, gain or loss on settlement and net interest on the net defined benefit liability (asset).

There were no effects on the pension provision as at December 31, 2011 and December 31, 2012 due to IAS 19R. No material effects on the financial and profit position arise.

In addition the accounting for termination benefits, including the differentiation of benefits paid in exchange for services rendered and benefits resulting from termination of employment, is revised.

Annual improvements to IFRS – 2009-2011 cycle

In May 2012, the IASB published another amendment (Annual Improvements to IFRSs – 2009-2011 Cycle) as part of its annual process of minor improvements to standards and interpretations. It contains amendments to the following five standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IAS 1 Presentation of Financial Statements
- IAS 16 Property, Plant and Equipment
- IAS 32 Financial Instruments: Presentation
- IAS 34 Interim Financial Reporting

The amendments must be applied for the first time retrospectively in reporting periods of a financial year that begins on or after January 01, 2013.

Application of this amended standard influence the presentation in the consolidated financial statements and the scope of disclosures in the notes and thus not affect the group's financial position, cash flows and financial performance.

IFRS 13 Fair Value Measurement

This standard provides guidance on measuring the fair value and defines comprehensive quantitative and qualitative disclosures on fair value measurements. This standard does not address the issue when assets and liabilities must or may be measured at the fair value. The standard is not applied to business transactions under *IFRS 2 Share-based Payments* or *IAS 17 Leases* and measurements which show similarities to the fair value but are not fair value, e.g. the value in use in *IAS 36 Impairment of Assets*. IFRS 13 defines the fair value as the price that a party would receive or pay, respectively, in a regular transaction between market participants for the sale of an asset or the transfer of a liability on the measurement date. For non-financial assets, measurement is based on the assumption that the fair value shall express the value of the best possible use.

IFRS 13 was published in May 2011 and shall be applied for the first time for financial years beginning on or after January 01, 2013. In the current financial statements, there are no effects for the group's financial position, cash flows or financial performance.

IAS 27 Separate Financial Statements (revised and renamed 2011)

The adoption of IFRS 10 and IFRS 12 has limited the scope of IAS 27 solely to the accounting for subsidiaries, jointly controlled entities and associates in a company's separate financial statements.

The revised standard was published in May 2011 and shall be applied for the first time for financial years beginning on or after January 01, 2013. The application of revised IAS 27 did not affect the group's financial position, cash flows or financial performance.

IAS 28 Investments in Associates and Joint Ventures (revised and renamed 2011)

The adoption of IFRS 11 and IFRS 12 broadened the scope of IAS 28 such that the equity method shall now also be applied to joint ventures besides associates.

The revised standard was published in May 2011 and shall be applied for the first time for financial years beginning on or after January 01, 2013. Since neither associates nor joint ventures are included in telegate's consolidated financial statements, the revised standard had no effects on the presentation of its financial position, cash flows or financial performance.

4 Future changes of accounting and valuation principles

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (revised 2012)

The IASB issued 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)'.

This clarifies the transition guidelines in IFRS 10 and grants additional exemptions in all three standards, including, among other things, the limitation of the disclosure of adjusted comparative figures to the immediately preceding periods in the case of first-time application.

The amendments were published in June 2012 and be applied for the first time in financial years beginning on or after January 01, 2014 (corresponding to the first-time application of IFRS 10, IFRS 11, IFRS12). The application did not affect the group's financial position, cash flows or financial performance.

IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 clarified the netting provisions for financial instruments in order to remove existing inconsistencies regarding the interpretation of existing provisions for the netting of financial assets and financial liabilities.

The amendments were published in December 2011 and shall be applied for the first time for financial years beginning on or after January 01, 2014 (retrospective application). These amendments solely concern the presentation in the consolidated financial statements and thus does not affect the group's financial position, cash flows and financial performance.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the requirements of both *IAS 27 Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*.

IFRS 10 establishes a uniform control concept that applies to all companies, including special purpose entities. In contrast to the previously prevailing legal situation, the changes that IFRS 10 introduces generally require management to exercise substantial discretion in answering the question which entities the group controls and whether the given entities thus should be included in the consolidated financial statements by means of full consolidation. IFRS 10 also sets forth the accounting requirements for the presentation of consolidated financial statements.

IFRS 10 was published in May 2011 and shall be applied for the first time for financial years beginning on or after January 01, 2014 (retrospective application). Earlier application is permitted. The application of the new IFRS 10 will currently not affect the group's basis of consolidation and thus has no effects on the group's financial position, cash flows and financial performance.

IFRS 11 Joint Arrangements

IFRS 11 replaces both *IAS 31 Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. IFRS 11 thus eliminates the previously available option of proportionate consolidation for joint ventures. In the future, such entities may only be consolidated using the equity method.

IFRS 11 was published in May 2011 and shall be applied for the first time for financial years beginning on or after January 01, 2014. Earlier application is permitted. With regard to the effects, please see the explanations to IAS 28.

IFRS 12 – Disclosures of Interests in Other Entities

This standard governs the disclosure requirements related to group accounting principles and consolidates the disclosures required of subsidiaries (heretofore subject to IAS 27); the disclosures required of jointly controlled and associated entities (heretofore subject to IAS 31 and IAS 28, respectively); as well as those required of structured entities. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, cash flows and financial performance.

IFRS 12 was published in May 2011 and shall be applied for the first time for financial years beginning on or after January 01, 2014. Earlier application is permitted. The application of the new IFRS 12 will only result in more comprehensive disclosure requirements and has no effects on the accounting methods applied by the group.

IAS 36 Impairment of assets

Relating to a consequential amendment of IFRS 13 “Fair Value Measurement” the IASB change some regulations in IAS 36 “Impairment of assets” concerning the assessment of the recoverable amount of impaired assets. In May 2013, the disclosure requirements have been corrected. In the current financial statements, there are no effects for the group's financial position, cash flows or financial performance.
The amendments are effective retrospectively for the annual periods, which are beginning on or after January 01, 2014. Earlier application is permitted but only for periods, which also applies IFRS 13.

The amendments have not yet been transposed into European law.

IFRIC 21 Charges

IFRIC 21 provides guidance, when a debt for a charge must be recognized which was imposed by the government. This interpretation applies to charges which are balanced according to IAS 37 and for charges are called date and amount.
IFRIC 21 shall be applied for the first time for financial years beginning on or after January 01, 2014 in accordance with the requirements of IAS 8. IFRIC 21 has no effects on the group’s financial position, cash flows and financial performance.

The amendments have not yet been transposed into European law.

IFRS 9 Financial Instruments

In November 2009, the IASB issued a new standard for the classification and measurement of financial instruments. The publication represented the first part of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement with a new standard. IFRS 9 will introduce new rules for the classification and measurement of financial assets. It applies a uniform approach of recognising a financial asset at amortised cost or fair value.

In October 2010, the IASB issued rules for the recognition of financial liabilities. These rules are added to IFRS 9 and represent the completion of the classification and measurement phase of the IASB's project to replace IAS 39. They supplement the publication of IFRS 9 in November 2009, which regulated the classification and measurement of financial assets.

In December 2011, the IASB postponed the date of mandatory first-time application for IFRS 9 from January 01, 2013 to January 01, 2015. Earlier application still is permitted. The effects of the amendment on the financial position, cash flows and financial performance are currently being reviewed.

This standard has not yet been transposed into European law.

IAS 39 Amendments regarding novations of derivatives and continuation of Hedge Accounting

On June 27, 2013 the IASB issued amendments on regulations to the Hedge accounting. Under the amendments there would be no need to discontinue hedge accounting if a hedging derivate was novated, provided certain criteria are met. The aim of this amendments is, that there are no effects for the Hedge Accounting resulting of a derecognition of derivates by chancing the agreement to a central counterparty. At present, the telegate AG has no hedge accounting and thus the amendments have affect the group’s financial position, cash flows and financial performance.

This standard has not yet been transposed into European law.

5 Adjustment of prior year values

In the previous year, telegate has conducted corrections with regard to recording, valuation and presentation of elements of the consolidated financial statements (for more information see Note 4 in the consolidated financial statements 2012). In this regard, the reference values as of September 30, 2012 are adapted as follows:

Recognition of trade receivables and reporting of accrued and deferred items

Group balance sheet	**as of September 30, 2012**		
in Euro thousand	**before adjustment**	**adjustment acc. to. IAS 8**	**after adjustment**
Assets			
Trade receivables	28,264	-12,726	15,538
Liabilities			
Other current liabilities	27,846	-12,726	15,120

Recognition and valuation of deferred taxes

Consolidated balance sheet	**as of September 30, 2012**		
in Euro thousand	**before adjustment**	**adjustment acc. to. IAS 8**	**after adjustment**
Assets			
Deferred tax asset (total)	274	-201	73
Effect of balancing		-201	
Liabilities			
Deferred tax liability (total)	4,081	1,454	5,535
Effect of balancing		-201	
Effect of debt consolidation		1,655	
Retained earnings	3,342	-1,655	1,687
Effect of debt consolidation		-1,655	

6 Changes in the group of consolidated companies

Sale of companies

The subsidiaries 11811 Nueva Información Telefónica S.A.U. and Uno Uno Ocho Cinco Cero Guías, S.L. were sold as of June 07, 2013. For this purpose, see note 13 "Discontinued operation".

7 Cash and cash equivalents

At the respective closing date, the cash and cash equivalents are composed as follows:

in Euro thousand	**30. Sep. 2013**	**31. Dez. 2012**	**30. Sep. 2012**
Cash and cash equivalents from continuing operations	12,621	93,250	74,795

The decrease of cash and cash equivalents at the closing date as of September 30, 2013 compared to December 31, 2012 mainly due to investments in liquid money market fonds as well as the dividend payment according to the resolution of the general shareholders meeting from August the 27th, 2013 and a dividend liability to SEAT Pagine Gialle Italia S.p.A. and Telegate Holding GmbH (for more information see note 8, 9 and 12).

8 Available for sale financial assets

At the closing date, the telegate group invested in liquid money market funds in the amount of 25 Mio. Euro which are shown as available for sale financial assets.

9 Other financial assets and other financial liabilities

The other financial assets include a financial investment in the amount of 24 Mio. Euro in favour of SEAT Pagine Gialle Italia S.p.A. and Telegate Holding GmbH for settlement of a dividend liability which is shown in the other current financial liabilities (for more information see note 12).

In the current fiscal year a depreciation of the current financial assets in the amount of EUR 638 thousand (2012: EUR 0 thousand) was recognized in the income statement.

10 Capitalized sales commissions

In the current and in the previous period directly attributable sales commissions will be recognized as an intangible asset (in accordance with IAS 38) and will be depreciated over the term of the customer contract basis. These distribution costs are shown in the other current assets respectively in the non-current assets under the position intangible assets.

11 Restructuring measures and non-recurring effects on the income statement

The total expenses for restructuring measures and non-recurring effects included in the profit before tax amounts to EUR 2,695 thousand (2012: EUR 38,267 thousand income after the deduction of expenses) and is comprised as follows:

Non-recurring effects on the income statement

Due to data cost claims there are expenses in the amount of EUR 310 thousand (2012: EUR 41,228 thousand income after the deduction of expenses). The majority of these amounts are included in the income statement under other operating income and expense and net interest income as well as under the cost of sales, selling and distribution costs and general administrative expenses.

In the first three quarters adjustments for structural costs resulted in the amount of EUR 2,385 thousand (2012: EUR 1,779 thousand). Basically these expenses are costs for capacity adjustments and contract terminations and are shown in the majority in the cost of sales, selling and distribution costs and general administrative expenses.

Restructuring measures

In the second quarter 2012, a detailed and formal restructuring plan for improvement of the economic efficiency as well as for optimization of the cost structure of the business sector directory assistance solutions was announced for the purpose of the combination of a call center with two further ones. The restructuring measures are completed. The costs, which are directly linked to the restructuring measures, amounted to EUR 0 thousand (2012: EUR 1,182 thousand).

12 Dividend

In accordance with the resolution of the annual general meeting as of August 27, 2013, the recommendation by the Management and Supervisory Boards on the appropriation of the unappropriated surplus was approved and net retained profits for 2012 shown on telegate AG's single-entity HGB financial statements in the amount of EUR 38,222,182.00 (2012: EUR 6,688,881.85) were used to distribute a dividend. This corresponds to a dividend of EUR 2.00 per no-par value share (2012: EUR 0.35 per no-par value share).

Because of application of SEAT Pagine Gialle Italia S.p.A. at the insolvency court in Turin for a comparison procedure with creditors according to article 161 paragraph 6 Royal Decree 267/1942, it was agreed with the principal shareholder, the proportion accruing to the direct or indirect shares held by SEAT Pagine Gialle Italia S.p.A. by the resolution of the annual general meeting of telegate AG resolved dividend not to pay to the shareholders of Telegate Holding GmbH / SEAT Pagine Gialle Italia S.p.A. until further notice. The amount is invested by telegate AG and will be paid at a future point in time which is to determine by SEAT or the insolvency court respectively.

13 Discontinued operation

As at June 07, 2013 the telegate AG sold the Spanish subsidiaries 11811 Nueva Información Telefónica S.A.U. and Uno Uno Ocho Cinco Cero Guías, S.L. to the company Titania Corporate S.L.

The sale resulted from the long-term strategy, to focus on the opportunities and potentials of the German market.

The amount received on the reporting date amounts to EUR 3,668 thousand which was fully paid in form of cash. A further amount of EUR 475 thousand is due at December 31, 2013.

The deconsolidation from the telegate group was made correspondingly as of June 07, 2013. The subsidiaries were reported as the segment “Spain”.

The discontinued operation added to the results of telegate group as follows:

in Euro thousand	Quarterly Report		9-Months Report	
	1.7.-30.09.2013	1.7.-30.09.2012	1.1.-30.09.2013	1.1.-30.09.2012
Revenues	-	1,518	1,875	4,835
Expenses	-	-1,015	-1,345	-4,386
Income (loss) for the period before income tax	**-**	**503**	**530**	**449**
Income tax	-	-1	-15	-493
Income (loss) for the period after income tax	**-**	**502**	**515**	**-44**
Income from the disposal	155	-	-690	-
Net income	**155**	**502**	**-175**	**-44**

The income from the disposal of the discontinued operation 2013 includes also direct attributable expenses, which are accrued as a result of the sale of the Spanish subsidiaries.

Assets and liabilities of the disposed subsidiaries (without cash):

in Euro thousand	
Current assets	
Trade accounts receivable	1,152
Current tax assets	8
Other financial assets	30
Other current assets	32
Current assets, total	1,222
Non-current assets	
Intangible Assets	324
Tangible Assets	179
Other financial assets	28
Deferred tax assets	256
Non-current assets, total	787
Current liabilities	
Trade accounts payable	37
Accrued liabilities	236
Provisions	40
Current tax liabilities	37
Other current liabilities	109
Current liabilities, total	459

Cash provided by the sale

in Euro thousand	
Purchase price received	3,668
Cash sold with the discontinued operation	-3,072
Cash provided (balance)	**596**

The net cash flows without intercompany transactions of 11811 Nueva Información Telefónica S.A.U. and Uno Uno Ocho Cinco Cero Guías, S.L. are represented as follows:

in TEUR	1.1.-30.09.2013	1.1.-30.09.2012
Operating activities	592	609
Investing activities	-58	-330
Financing activities	0	0
Net cash flows	**534**	**279**

14 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.

The following companies are affiliated companies:

Telegate Holding GmbH, Planegg, holds a majority interest of 61.13 % in telegate AG as of September 30, 2013. SEAT Pagine Gialle Italia S.p.A., Turin, Italy, in turn holds a 100 % stake in Telegate Holding GmbH.

SEAT Pagine Gialle S.p.A., Milan, Italy, holds a 100 % stake in Telegate Holding GmbH as of the reporting date and includes telegate AG, the parent of the largest group of consolidated companies, as a fully consolidated company into its consolidated financial statements. As of September 30, 2013, SEAT Pagine Gialle S.p.A. indirectly holds a 16.24 % stake via SEAT Pagine Gialle Italia S.p.A. and a 61.13 % stake via Telegate Holding GmbH in telegate AG.

The primary controlling parent 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 unless explicitly stated otherwise. No valuation adjustments were made for receivables from related companies in either the financial year under review or in the previous year.

Transactions with related companies

As at September 30, 2013, telegate AG has receivables in the amount of EUR 0.1 Mio. (2012: EUR 0.1 Mio.) against the SEAT group.

In the third quarter of the current fiscal year, a financial investment in the amount of 24 Mio. Euro was made. This financial investment was made for paying a dividend liability. Possible interest claims out of this investment are part of the liability. (for more information see note 12)

Transactions with related persons

As of September 30, 2013, employees of the SEAT group were members of telegate AG´s Supervisory Board. These persons are entitled to Supervisory Board payments in the amount of EUR 42 thousand (2012: EUR 32 thousand), which were recorded correspondingly as current liabilities.

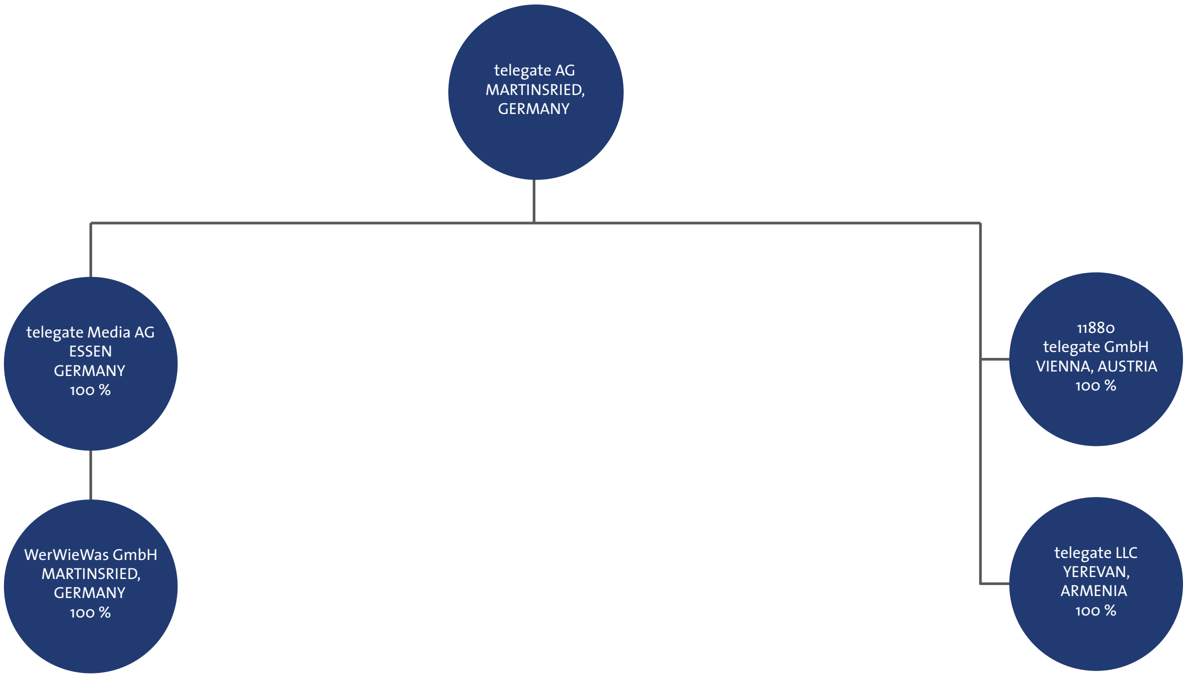
15 German Corporate Governance Code

The joint declaration of compliance by the management board and supervisory board of telegate AG, in accordance with section 161 AktG (Stock Corporation Law), relating to the Corporate Governance Code, was declared on December 07, 2012. The exact wording of the declaration can be retrieved under www.telegate.com.

Planegg-Martinsried, October 29, 2013

The Management Board

Corporate Structure telegate Group



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