Annual Report 2009

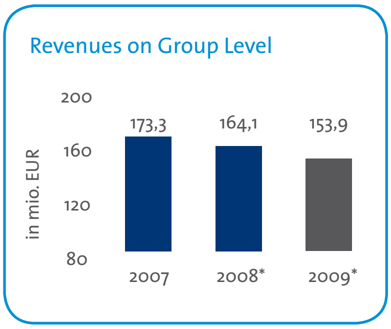
telegate

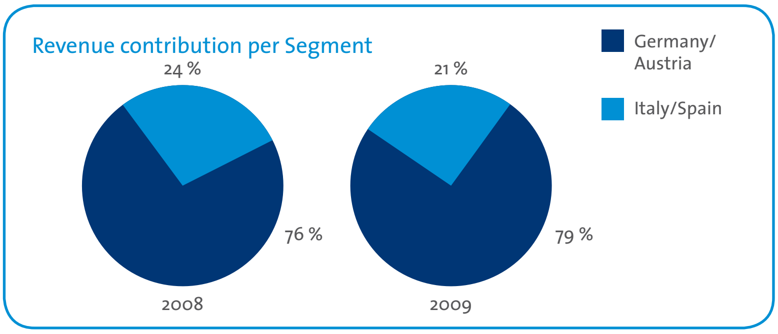
LOCAL SEARCH GOES MOBILE

Results telegate Group

in mio. EUR	2009	2008	Variation absolute	Variation in %
Revenues and profit				
Revenues	153,9	164,1	-10,2	-6,2 %
EBITDA [1]	34,4	42,5	-8,1	-19,1 %
EBITDA before non-recurring effects	35,0	39,4	-4,4	-11,2 %
Operating profit (EBIT)	23,9	32,9	-9,0	-27,4 %
Income from continuing operations	19,1	24,4	-5,3	-21,7 %
Income from discontinued operations	-3,1	-0,2	-2,9	1450,0 %
Revenue per Segment				
Germany/Austria	121,7	124,3	-2,6	-2,1 %
Italy/Spain	32,2	39,8	-7,6	-19,1 %
Balance sheet				
Balance sheet total	171,6	183,6	-12,0	-6,5 %
Cash and cash equivalents	59,9	53,5	6,4	12,0 %
Equity	97,3	96,8	0,5	0,5 %
Equity ratio	56,7 %	52,7 %	-	-
Cash Flows				
Cash Flows from operating activities	24,7	31,9	-7,2	-22,6 %
Cash Flows from investing activities (incl. M&A)	-5,4	-32,5	27,1	-83,4 %
Free Cash Flow (before M&A)	19,6	28,5	-9,0	-31,4 %
KPI telegate share				
Earnings per share for continuing operations (in EUR)	0,90	1,16	-0,3	-22,1 %
Share price at the end of year (in EUR) [2]	9,16	6,10	3,06	50,2 %
Market capitalisation at the end of year	194,5	129,5	65,0	50,2 %
Dividend (proposal)	14,9	14,9	0,0	0,0 %
Dividend per share (in EUR) (proposal)	0,70	0,70	-	-
Dividend yield (in %) [3]	7,6 %	11,5 %	-	-
Employees				
Number of employees [4]	2.890	3.063	-173	-5,6 %

[1] The EBITDA is defined as earnings before depreciation, interest and taxes within telegate group
[2] XETRA closing prices
[3] The dividend yield defines as (proposed) dividend per share divided by the closing share price (Xetra) as of closing data or accordingly the last trading day of corresponding financial year
[4] Headcount as of 31 December





* France = discontinued operations

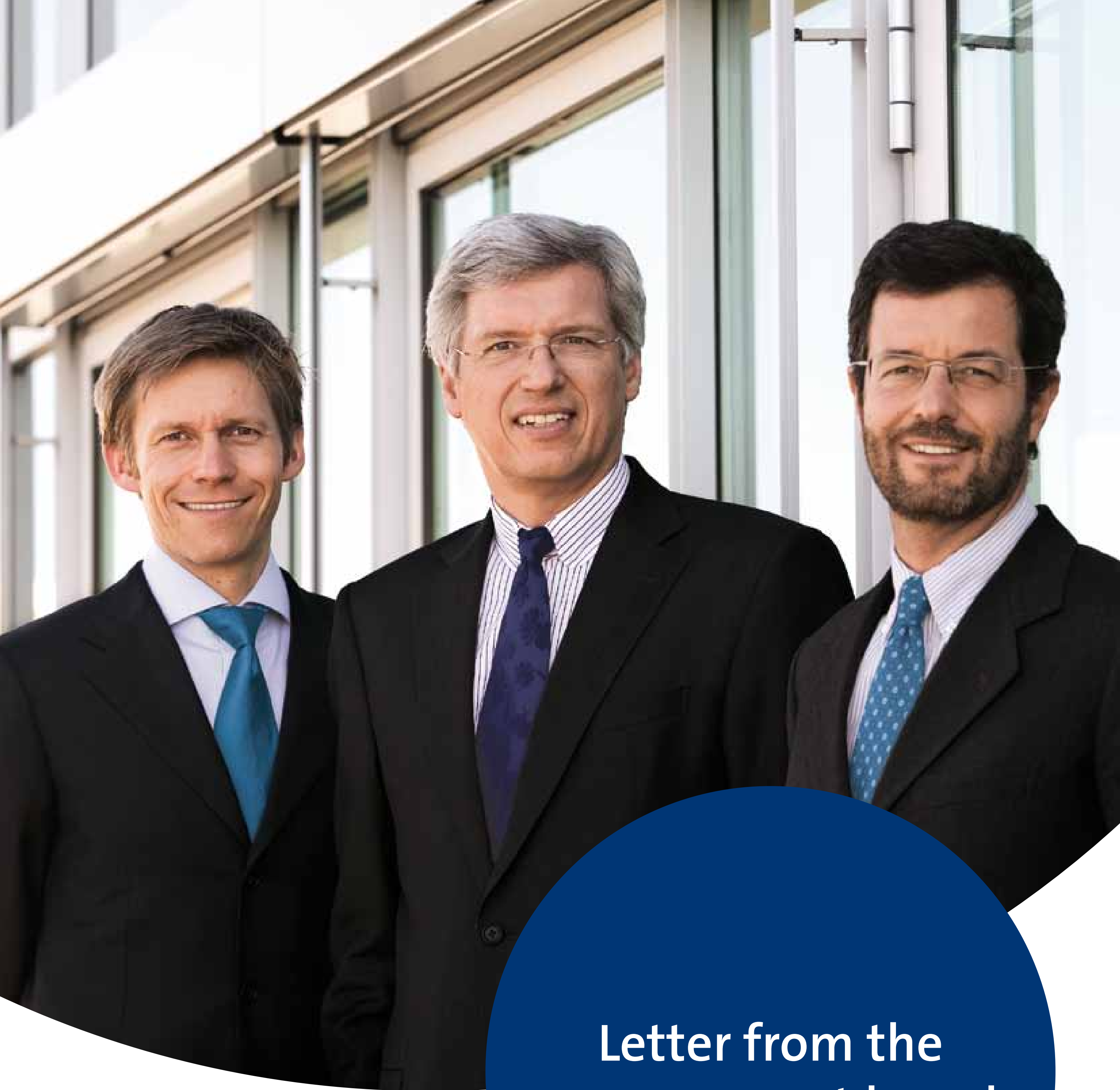
Milestones 2009

January	telegate Media presents "klickTel for iPhone", a mobile local search-application for the innovative smartphone, which occupied the first place of the Appstore-Downloadcharts immediately after release
March	The German Federal High Court of Justice reveals its judgment of important legal questions with an indicative court order with regard to the data cost repayment action against Deutsche Telekom AG. The court confirms in the case that Deutsche Telekom AG infringed antitrust law and telegate AG is entitled to compensation
	Announcement of the business figures 2008: sales performance and trend of profitabiliy above expectations
May	Continuous dividend policy: telegate distributes a dividend in the amount of 0.70 per share to the shareholders
June	The German Patent and Trade Mark Office (DMPA) orders the cancellation of the word mark "Gelbe Seiten" on May 15, 2009. telegate welcomes the decision as signal for more competition
July	"klickTel for iPhone" is awarded with the Deutsche Verzeichnismedienpreis (German Directory Media Price) 2009 in bronze by the Association of German Information and Directory Media (VDAV), registered association, at the annual convention in Duesseldorf
September	Profit forecast (EBITDA before one-time effects) for 2009 is refined from 32 m – 37 m to 34 m – 37 m due to the business development after the first 9 months of the fiscal year
October	Data cost actions: the German Federal High Court of Justice remits the action of telegate AG to the German Higher Regional Court Duesseldorf. telegate AG still proceeds from the assumption to enforce its repayment claims from excessive data costs against Deutsche Telekom AG
	Conclusion of the new study "Local search in Germany" of the GfK (German Consumer Research Association): with regard to search for businesspersons, the internet is ahead of the printed yellow pages for the first time. The use of mobile internet plays an increasing role here. According to the Association of German Information and Directory Media (VDAV), registered association, a total of more than 1.1 m local search-applications were downloaded in Germany since February 2009. telegate AG is the market leader in this sector with approx. 500,000 downloads of its klickTel Apps for all leading smartphones
	According to the German Information Association for the Ascertainment of Distribution of Advertising Media (IVW), registered association, the portals of telegate **www.klicktel.de** and **www.11880.com** reached a new monthly visitor record with more than 8.7 m visits in October 2009 – and this for the fourth time in a row
November	Greater focus on the German market: telegate AG sells the French subsidiary 118000 SAS to the management of 118000 SAS and Newfund, a private equity fund
	According to the German Consumer Research Association (GfK), 11880 has an unaided brand awareness of 54 %. This makes the directory assistance number of telegate the most well known telephone number in Germany*

* GfK: representative tracking study 2009/telephone numbers without "110" and "112".


Branche, Name, Telefonnr.

Content



Letter from the management board

Dear shareholders,

2009 was characterised by the worst economic crisis worldwide since the end of World War II. It is all the more pleasing that telegate AG can still register a positive balance considering the previous fiscal year in this environment and made decisive operating progress with regard to the transformation of its business model:

- We completed the integration of klickTel AG in operative terms both at distribution level and product level. It is clear now that we are in an excellent starting position on the German Local Search market and in the SME advertising marketing business.
- We established a powerful sales organisation after the successful reorganisation of our field sales. Businesspersons receive an attractive and integrated marketing offer of directory media and search engine advertising – thus we additionally acquired almost a five-digit number of new Media-customers. Share in sales of the advertising marketing business already amounted to more than 20 % in our core market Germany in the 4th Quarter.
- We improved the market position of our product family around the brands 11880 and klickTel significantly in Germany. 11880 it the most known telephone number in Germany with an unaided brand awareness of approx. 54 % (source: GfK) and continued to strengthen its market share to approx. 40 %. The powerful duo **klickTel.de/11880.com** is head-to-head with **www.GelbeSeiten.de** on the Internet for the top position as Local Search-Internet portal with the highest coverage. We are the only provider in Germany with our mobile offers who offers Local Search-Apps for all leading Smartphone-platforms and recorded more than 500,000 downloads and has a market share of approx. 35 %.

Operating progress is also reflected in the business figures 2009: we reached our operative profit target with EUR 35 m without difficulties, which amounted to EUR 32 m – 37 m regarding EBITDA before one-time effects at the beginning of the year.

A new decade in a time of "mobile" and "local"

A new decade started with 2010. What will characterise the new decade in the digital Media business? We are convinced that it will be the subjects "mobile" and "local". More people can be reached individually with mobile devices than with any other medium. Mobile Local Search is close to a breakthrough – for this purpose, please also read the special section of the annual report, pages 14 – 19. Furthermore, "local" will be the keyword for the next stage of the digital advertising market. Especially the regional advertising market is still at a very early stage of digital transformation. The typical local SME in Germany invests today only 5 % of its advertising budget in digital Media.

This means significant growth opportunities for telegate as specialist for local and digital information and marketing. We are strongly determined to make use of these opportunities consistently. We expect to benefit significantly from the structural change in the advertising market of printed yellow pages to advertising in the digital Media, which can be observed worldwide, as well as from further expanding our sales force to 500 employees. Accordingly, we want to achieve a clear double-digit growth in the advertising business in 2010.

Our strategy envisages that we focus even more on the market in Europe with the most opportunities, the local advertising market in Germany, in the current fiscal year. The clear focus on the German market includes that we examine how we can further develop the business with regard to the 2 other European markets. There are different starting positions and strategic options in each market in each case, which we examine and evaluate on a regular basis.

We are now open to develop additional business segments around Local Search after the successful integration of klickTel. In this connection, we will make use of our competence as expert for SME-subjects and Local-subjects, to put unique and new products and solutions on the market. The offer **www.WerWieWas.de** launched as a beta version at the beginning of 2010 is a first offer – a completely new and unique information and open portal around local news.

2010: another year of transition

We are also convinced that telegate will remain a very profitable and financially strong company. However, we are still in a transitional stage in 2010. On the one side: declining sales in the highly profitable segment directory assistance solutions on all European markets, on the other side is contrary to growing sales in the business segment Media – however, with a lower margin in the short and medium term. In addition: effects which supported us this year with profitability, e. g. price increase for the telephone directory assistance 11880 and the further expansion of Comfort Services, will weaken as a tendency. Therefore, we overall expect declining operating earnings in the fiscal year 2010.

It is pleasing that the investors how better understand and support the telegate company transformation continuously – the share price rose by approx. 50 % since the end of the fiscal year 2008 to the beginning of 2009. The share price of the telegate share also continued to rise in the current fiscal year 2010. You as our shareholders certainly also look at the dividend development in addition to the development of the goodwill. We may assure you here that we intend to stick with our previous dividend policy. The management board and supervisory board will propose an unchanged dividend of EUR 0.70 per share at the shareholders´ meeting, in spite of slightly declining earnings. This corresponds to a dividend yield of approx. 8 % referring to the closing price of the fiscal year 2009. We also intend to distribute a special dividend in this fiscal year, in addition to the dividend.

We hope that we outlined to you good perspectives for our company and our share and that you will continue to accompany the transformation of the company with great opportunities as our shareholders.

Planegg-Martinsried, March 2010

Yours sincerely,

Dr. Andreas Albath	Ralf Grüßhaber	Dr. Paolo Gonano
Chairman of the Board	Member of the Board	Member of the Board

Report of the Supervisory Board

The fiscal year 2009 was a successfull year for telegate AG with regard to further business development. Transformation of the company to the digital world was still the focus. The Supervisory Board accompanied the Management Board´s management of the businesses intensively, in compliance with its legal advisory and supervisory function.

Supervisory Board activity in the fiscal year 2009

The Supervisory Board performed its duties in the fiscal year 2009, which are established by law and the articles of incorporation. It continuously advised the Management Board with regard to the management of the company and supervised the management. The Management Board made reports on a regular basis and thus the Supervisory Board was informed of the progress of business of the telegate group, the most important financial data, the main questions of the management and the risk situation at all times. Deviations of the progress of business from the approved planning as well as important business transactions were presented, explained in detail and discussed with the Supervisory Board. The strategic projects were discussed in detail and coordinated with the Management Board.

The body dealt with the accounting process as well as with the effectiveness of the internal control system and risk management. In addition, the Supervisory Board also dealt with the effectiveness of group auditing as well as with reports on potentail and pending legal disputes. Awarding of the audit assignment to the auditor was also a subject of the discussions. This includes monitoring of his independence and qualification as well as services performed and fixing of remuneration.

Organization of the Supervisory Board´s work

The Supervisory Board established a committee, in accordance with section 27 subsection 3 MitBestG-German Codetermination Law (human resources committee) as well as an investment committee and audit committee, in accordance with the rules of internal procedure of the Supervisory Board. In addition, a nomination committee was established. All these committees were already existing in the previous fiscal years. The flow of information between the committees and main board is ensured by reporting of the chairpersons of the committees on a regular basis.

Meetings and participation

The Supervisory Board held a meeting at least once per quarter in the fiscal year 2009. The human resources committee met twice for an ordinary meeting in the fiscal year 2009. The investment committee met once and the audit committee five times for ordinary meetings in the reporting period. There were no meetings of the nomination committee in 2009.

The Supervisory Board´s members Dr. Arnold Bahlmann, Massimo Cristofori, Paolo Giuri, Juergen Heinath and Birgit Labs only participated in 3 meetings of the Supervisory Board in the fiscal year 2009. Alberto Cappelini, Luca Majocchi und Brunhilde Goers only participated in 2 meetings of the Supervisory Board due to the change in the Supervisory Board. Ms. Daniela Luebbert only participated in one meeting. There are no other events requiring reporting, with regard to the frequency of participation in a meeting of members of the Supervisory Board.

Constitution and personal data of the Supervisory Board

The company´s Supervisory Board consists of 12 members, in accordance with figure 4 of the articles of incorporation in connection with the codetermination law 1976. They were elected in accordance with the articles of incorporation by the shareholders´ meeting and the personnel of telegate AG in accordance with codetermination law respectively in 2006. Ms. Brunhilde Goers automatically moved up as substitute member as of July 01, 2009 due to the leave of Ms. Daniela Luebbert as of June 30, 2009. Upon request of the Management Board, Mr. Alberto Cappelini was appointed as member of the Supervisory Board by the order of the local court Munich on June 23, 2009 and thus replaced Mr. Luca Majocchi.

Corporate Governance

The Supervisory Board again dealt with the proposals and recommendations of the German Corporate Governance Code and its implementation at telegate intensely in the fiscal year 2009, too.

Implementation of the German Corporate Governance Code at telegate AG was a subject of the meeting on December 02, 2009. The Management Board and Supervisory Board comply with the reccommendations of the German Corporate Governance Code, with the exception of the deviations presented below:

- There is a D&O insurance for the members of the Management Board and the Supervisory Board, which does not provide a deductible.
- Individualized presentation of the Management Board´s remuneration with stating the names is not made. telegate shows the Management Board´s remuneration by amount.
- Age limit for members of the Management Board and Supervisory Board was not determined.
- Chair in Supervisory Board´s committees is currently not considered with regard to the remuneration of members of the Supervisory Board and a performance-related remuneration is not provided. telegate shows the full Supervisory Board´s remuneration in the annex to the consolidated financial statements. Individualized classification is not made.

Deviations were resolved after careful discussion and with partcular regard to the companyconditions and requirements of the company.

The joint declaration of compliance of the Management Board and Supervisory Board is permanently accessible on the website of telegate AG www.telegate.com. You can find further information on the implementation of the recommendations and proposals of the German Corporate Governance Code in the annex to the consolidated financial statements.

Annual audit and consolidated financial statements 2009

Annual audit according to commercial law and the management report as well as IFRS-consolidated financial statements including the management report on fiscal year 2009 of telegate AG were audited by Ernst & Young AG, CPA company, tax consultants, Munich, with inclusion of accounting. Consolidated financial statements and corporate management report were prepared in accordance with section 315a HGB – German Commercial Code on the basis of the international accounting standards IFRS, as applicable within the EU. The auditor performed the audit in compliance with the generally accepted auditing standards in Germany, determined by the German CPA institute (IDW) as well as in supplementary compliance of the International Standards on Auditing (ISA).

The auditor did not raise any objections and granted the unqualified audit certificate to both the annual audit and consolidated financial statements.

Annual audit according to commercial law including management report, IFRS-consolidated financial statements including management report and auditor´s reports were dealt with in detail with the auditor and the audit committee and were forwarded to all members of the Supervisory Board in due time. The auditor also participated in the concluding discussions of the audits at the meeting of the Supervisory Board on March 10, 2010. He reported on the performance of his audit and furnished explanatory information in the course of the discussion.

The Supervisory Board examined the annual audit and the management report of telegate AG. We examined the Management Board´s proposal for allocation of earnings considering the interests of the company and shareholders, in particular. Due to the company´s solid earnings and liquidity situation, in particular, we support the Management Board´s proposal.

Furthermore, the Supervisory Board took notice of the result of the auditor approvingly. It approves the Management Board´s management report and annual audit 2009 of telegate AG, which is approved thereby.

The Supervisory Board also examined the IFRS-consolidated financial statements of telegate AG and the management report. It took notice of the result of the auditor approvingly and approves the Management Board´s management report and consolidated financial statements 2009 of telegate AG.

Dependent report

Ernst & Young GmbH, CPA company, tax consultants, also examined the report on relations with affiliated companies ("dependent report"), which was prepared by the Management Board in accordance with section 312 German Stock Corporation Law. The dependent report was provided with following unqualified audit certificate:

"We hereby confirm after our audit and evaluation in accordance with our duty that
1. the actual information of the report is correct,
2. company´s performance with regard to the legal transactions stated in the report was not unreasonably excessive."

Dependent report was made available to the members of the Supervisory Board for examination. The auditor participated in the discussion of the report in the Supervisory Board. He reported on the performance of his audit and furnished information. The Supervisory Board considered the report to be in order. In addition, it agrees to auditor´s result of audit and raises no objections to the Management Board´s closing declaration included in the report after concluding result of its examination.

Risk management system

The auditor examined and evaluated the risk management system. He determined in conclusion that the Management Board took the actions required by section 91 subsection 2 AktG – German Stock Corporation Law, in order to recognize risks at an early stage, which may endanger the continued existence of the company in time.

The Supervisory Board agrees to the auditor's result of audit.

Closing declaration

We took notice of the auditor's result approvingly and raise no objections after our own examinations of the annual audit, management report, consolidated financial statements and corporate management report of telegate AG. We approve the Management Board's annual audit, which is approved thereby. We also approve the Management Board's IFRS-consolidated financial statements. In addition, we agree with the Management Board's proposal to distribute the net earnings in the amount of kEUR 14,864 in full.

Management and employees of the telegate group cooperated responsible and very determined in 2009. The Supervisory Board expresses its special thanks and recognition to the Management Board and all employees for their work, which contributed to another successfull fiscal year.

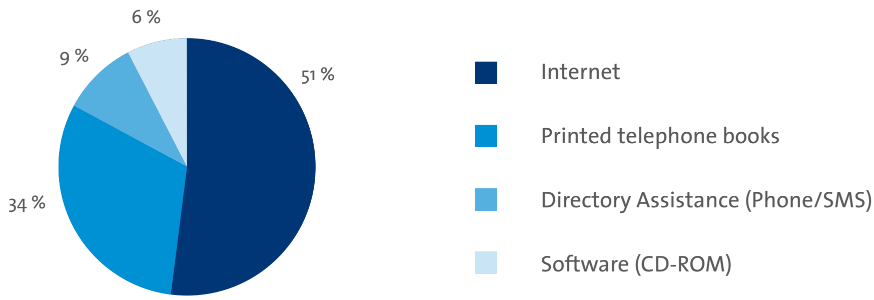
Planegg-Martinsried, March 2010

Juergen von Kuczkowski
Chairman of the Supervisory Board

Local search goes mobile

On the way to the holidays: the traffic jam is endless, the children are hungry and the driver urgently needs a coffee. Furthermore, the hotel has to be informed on the delayed arrival. Whoever has a smartphone now, has an advantage. What was completely unthinkable just a few years ago is common daily practice today: Internet-compatible mobile phones provide the answer you are looking for to Local Search requests with intelligent features and intuitive handling with just a few clicks – and set new market standards as a result.

Users appreciate the comfort offered by digital Local Search. The Germans make approx. 1.7 bn search requests for qualified information on local companies, service providers and individuals every year. According to the German Consumer Research Association (GfK), the Internet as search medium in general is at eye-level with the printed telephone book. They use the digital platforms even more frequently than the printed books with regard to the particular search for contact information of trades, companies and service providers. This is a development with extensive economic consequences: the multi-billion directory advertising market increasingly shifts to digital Media and presents new challenges to the established market players, in particular.



Today´s Local Search Market in Germany*

* Source: GfK-study series "Local Search in Germany" (part 3) on behalf of telegate AG, market estimates "Google Local", October 2009

More than dreams of the future: breakthrough for mobile Local Search

Furthermore, the digital change revolutionizes the information requirements of the users. With regard to Local Search, the Germans expect services today, which go beyond simple contact information of companies, service providers and individuals: recommendations of other users, opportunities for service provider as well as classic navigation instruments are state of the art today with regard to Local Search-platforms – however, also features which increasingly gain importance due to the mobile Internet via smarthphone and others, in particular.

According to the market researchers of TNS Infratest, already more than 10 mio. Germans surfed the web mobile on a regular basis in 2009. Enhanced network coverage, optimized transfer rates and attractive flat rate models are perhaps the main reasons for the long-awaited breakthrough of mobile Internet. The sophisticated smartphones, which are available only recently, contribute to the success, in particular: users can search and find information with the mobile phone quick and practical today with the intuitive user navigation.

A real industry was created around the cult mobile phone "iPhone" from Apple within a very short period: media companies and companies of different kinds develop mini-software-applications, so-called "Apps", for the famous smartphone and make them available for download in the Apple App-Store. The Apps are on the mobile phone with just a few clicks and offer a completely new world of information and experience. Apple already recorded more than 3 billion downloads of more than 100,000 applications worldwide. The first one and a half billion downloads in the App Store were recorded after just more than a year, however, it took only less than six months to record the next one and a half billion downloads. Competitors, e. g. Google, Research in Motion and Microsoft also recognized this trend and placed own, device-specific App-Services and -Stores online in 2009.

According to the GfK, every tenth webuser already uses mobile Internet for Local Search. Apps, which are programmed device-specific, provide a lot of comfort here. They show the fastest route, provide information on the nearest restaurants, bars, EC-cash dispensers (ATM), pharmacies or petrol stations and reliably supply contact information of companies, service providers and individuals in the whole country. Researched data can be saved in the own directory without any problems, a recommendation feature makes typing on small mobile phone keypads easier and reverse search allows the identification of incoming calls through the telephone number.

klickTel- and 11880-Apps:

telegate secured a market leading position early on. Immediately after the launch of the first klickTel-App for the iPhone, the application reached the first place of the bestseller in the Apple Store. The klickTel- and 11880-Apps are available for all leading smartphone-platforms today and there were already more than one half of a mio. downloads to the modern handhelds. According to the German Directory Assistance and Directory Media Association, registered association (VDAV), this corresponds to almost half of all downloads.

Thus, the Germans downloaded more than 1.1 mio. Apps for Local Search on their smartphones as of October 2009. The klickTel- and 11880-Apps are also leading with regard to the range of features: GPS-based search for cash dispensers (ATM), fast food restaurants, coffee shops, petrol stations, taxi stands or emergency pharmacies is among the famous use of the applications, in addition to Local Search for companies, service providers and individuals.

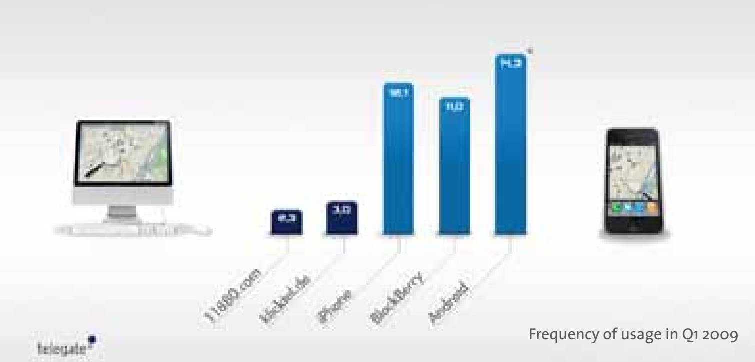
Local advertising: directly to the consumer

Market experts agree: the mobile web will turn into a significant economic factor in the coming years and change the German advertising market, in particular. The trade association BITKOM, for example, forecasts approx. a tripling of the sales with mobile data services to EUR 5.7 bn in Germany by 2012. In this connection, the future study “Zwei.NullTrends” (two zero trends) considers the regional obtaining of information as main driver of the further development of the mobile Internet, in particular. This, in turn, creates marketing opportunities and sales potential for companies of any size. The mobile Internet connects companies with consumers – and thus enables a direct interaction between provider and consumer. With regard to a Local Search-platform, this takes place even fully automated via a digital trade entry: a marketing advertisement in the online-trade directory can be found stationary and mobile and results in the first contact with the company without own action.

Therefore, digital trade advertising is an up-to-date and cost-efficient form of advertising for regional smaller businesses, in particular – especially considering the uncertain economic situation and fluctuating incoming orders. There is a low budgeting with regard to trade advertising of the 21st century and a high contact possibility due to great online-coverages and long periods, in contrast to advertising media of the 20th century, e. g. printed yellow pages or local advertisers. Three additional main criteria, which speak for the digital trade entry, are based on the business model of a small and medium-sized business: advertising has to be carried out easily in technical terms, shall not tie up additional human resources and must have an effect on the consumer. Thus, intelligent trade advertising supports small and medium-sized businesses to keep and further expand the own core business.

Companies reach a solvent customer group with the increasingly more popular smartphones: according to the GfK, the classic user of mobile Local Search services is male and middle-aged. He usually has an average income as well as a higher education above average. In addition, smartphone users have a great need for information: they do research on the way for local companies and service providers approx. four times more often than at home on the laptop or PC. Thus, the contact possibility again increases for a company with a presence in the mobile Local Search-Media considerably.

Local Search:
Users are searching for trades more frequently mobile than stationary.



Source: Usage data, telegate AG, Q1 2009

telegate Media: specialist for digital trade advertising

The distribution brand and business unit telegate Media is specialized in digital trade advertising for small and medium-sized businesses. The commercially designed digital Media entries are the contact interface between local information requests by consumers and local services by regional service providers. A Media-entry is present on a total of 5 Media channels owned by telegate and can reach potential new customers. By virtue of several cooperations with renowned partners (6th channel), e. g. Vodafone or Freenet, the coverage of a Media entry is increased further. In addition, small and medium-sized businesses receive a practical combination of trade advertising and search engine marketing due to the partnership with the leading search engine Google. Small and medium-sized businesses no longer need own know-how, but can count on the One-Stop-Advertising-solution of telegate Media instead. They receive effective advertising consulting and support with regard to search engine marketing, coverage on 6 channels and thus potential customer contacts and a valuable time saving from one source. Smaller companies appreciate the consultation aspect of telegate Media: more than 50 % of the German service providers have an own website today, however, 70 % need external help with regard to maintenance and marketing.

But digital trade advertising plays an increasing role also for brand name companies, discounters and large companies. Branches, for example, can strengthen their regional distribution network without renouncing a central advertising presence. This is also of decisive importance with regard to the mobile Internet, in particular: German consumers orientate themselves increasingly more on the way on common brand names than at home in front of the PC. This was the result of an interpretation of more than 1 mio. customer data of telegate. Consumers search at home rather for trade terms, such as “Baumarkt” (home improvement store), but they enter search terms, e. g. “OBI” (German home improvement stores). Thus, mobile online applications for Local Search have the potential to become established in the marketing-mix of companies of any size with intelligent marketing offers in the long run.

Digital change: basis for the transformation of the business model

telegate AG changes from a simple directory assistance provider to a specialist for Local Search and marketing partner for small and medium-sized businesses with the digital change regarding Local Search. The company banks on 3 core competences here: strong brands, innovative technologies and a powerful distribution unit. telegate AG recorded groundbreaking successes here in 2009: the company operates one of the strongest sales organizations in Germany today with 450 sales representatives by now. For example, the new distribution brand telegate Media was successfully established in a very competitive market environment. The development of new technologies, e. g. Apps for the mobile Internet, resulted in the rapidly growing popularity of the digital consumer offers: the portals **www.klicktel.de** and **www.11880.com**, which are formally combined under the umbrella of telegate Media, are going head-to-head with **www.GelbeSeiten.de** for the market leading position of the digital Local Search-providers ever since. This, in turn, strengthens the consumer brands and other Media channels of telegate: 11880 became one of the strongest brands in Germany. The number brand is considered today as the most known telephone number in Germany with an unaided brand awareness of 54 % *.

Market research also confirms the complementary effect of the individual Media channels regarding Local Search. According to the GfK, the users of mobile Internet use all common Media channels for their great need for information – telephone and SMS directory assistance, in particular. This customer group searches for local information via voice directory assistance roughly three times more than the general population. Profitable for telegate: the company continued to expand its market share regarding voice directory assistance to 40 % – and thus contributed to a coverage of 240 mio. search requests per annum in total. This, in turn, benefits the advertising marketing via telegate Media, which has powerful arguments for the booking of a Media-entry. Thus, telegate implements the transformation from a strictly user-financed to a user-financed and advertising-financed business model with already more than 50,000 marketing advertisements. The cooperation of the individual channels and sources of sales creates a scope for new product and business ideas around the topics "Local" and "small and medium-sized businesses" at the same time, which were included by the company in the agenda for 2010, in particular.

* Representative tracking study 2009 of the GfK/Telephone number without "110" and "112"

Investor Relations

Capital market environment

After the fiscal year 2008 went down in history as one of the worst fiscal years with a decline of the German Stock Index (DAX) of more than 40 %, there was a recovery (+ 23 %) of the capital market in 2009, which was hit particularly hard by the financial crisis.

The DAX continued its negative trend of 2008 and even was below 3,700 points at the beginning of March. However, it showed a continuous upward trend from then on and was at an annual high with 6,011 points as of December 29, 2009.

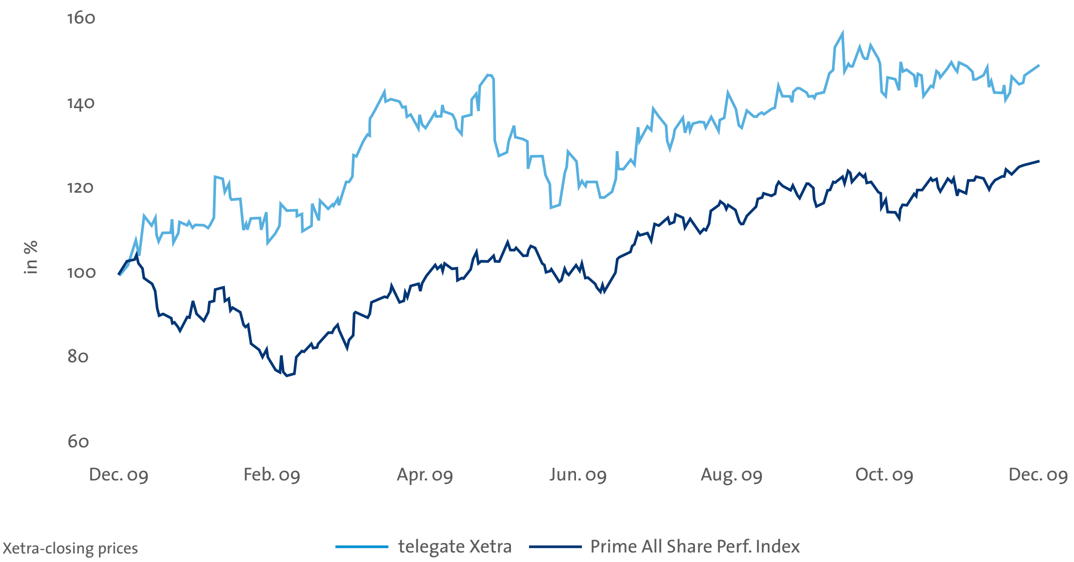
Trend of the telegate share in the stock market year 2009

The good profit situation, the opportunities from the transformation of the business model, the continuous dividend policy and the significant opportunities resulting from the data cost reclamation claims against Deutsche Telekom AG are reflected in the trend in share prices in 2009.

Analysts also recognized these factors. For example, UniCredit, Sal. Oppenheim and the DZ Bank see further potential of the telegate share and maintain their buy rating.

The share closed in the previous fiscal year with a plus of more than 50 % in total. In comparison, the Prime All Share Performance Index showed a plus of 25 % in the reporting period.

The telegate share in comparison with the Prime All Share

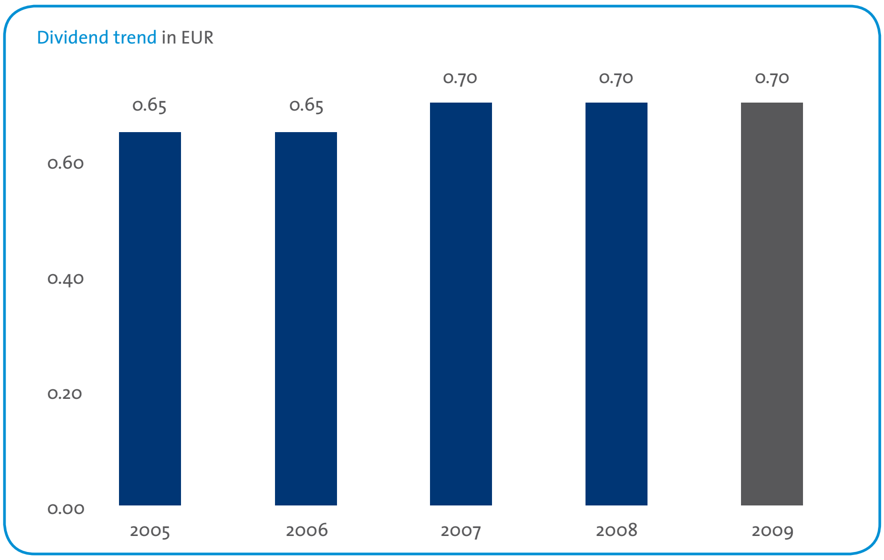


* Xetra-closing prices

Ratios of the telegate share

Number of shares		2006	2007	2008[3]	2009[3]
Number of shares	Pieces	20,987,045	21,234,545	21,234.545	21,234,545
Capital stock	EUR	20,987,045	21,234,545	21,234.545	21,234,545
Year-end stock market price [1]	EUR	17.94	14.45	6.10	9.16
Top stock market price[1]	EUR	21.17	23.50	14.70	9.55
Bottom stock market price[1]	EUR	13.57	14.45	6.10	6.23
Market capitalization by the end of the year[1]	EUR m	376.5	306.8	129.5	194.5
Profit per share	EUR	0.29	1.74	1.16	0.90
Dividend and dividend proposal respectively per share	EUR	0.65	0.70	0.70	0.70
Dividend yield[2]	%	3.6	4.8	11.5	7.6

[1] XETRA-closing prices
[2] Referring to the corresponding XETRA-closing price
[3] Income per share without France



Shareholder structure

The number of shares issued by telegate AG remains unchanged at 21,234,545 as of December 31, 2009. The main shareholder SEAT Pagine Gialle S.p.A. directly and indirectly holds 77.4 % thereof. The remaining 22.6 % of shares are in portfolio investments primarily with institutional investors.

Dividend

The Management Board and Supervisory Board intend to propose an unchanged dividend distribution in the amount of EUR 14.9 m for the fiscal year 2009 to the shareholders´ meeting, which takes place on June 09, 2010. This corresponds to EUR 0.70 per share and a dividend yield of 11.5 % respectively referring to the closing price by the end of the year (previous year: 11.5 %). Thus, the company shows continuity of distribution over several years.

Investor Relations activities

telegate was represented at numerous roadshows at home and abroad, e. g. the Unicredit German Investment Conference or a roadshow in England in the previous fiscal year. The company had the opportunity in 2009 to give financial market players an understanding of the current strategy of the company at those events as well as at numerous other roadshows, individual discussions and conferences. The latest feedback from our investors at events, such as the German Equity Forum in autumn 2009 was quite positive with regard to the strategic orientation as well as the company's market position.

Conferences of analysts, which can be followed by everybody on the web, are a main component of telegate´s financial market communication. In addition, the so-called "investor kit" is offered on the website, which include the most important and latest documents about the current development and strategy of the telegate group available for download. The regular repertoire of the investor communication also includes the newsletter, which informs interested investors about major company developments on a regular basis.

Corporate Governance Report 2009

To secure and extend the capital markets' trust in the company, telegate considers it to be important that the corporate management and management control are responsible, transparent and focused on sustained value added.

Declaration of Compliance 2009

The Management and Supervisory Board have issued the legal declaration of compliance pursuant to Article 161 of the (German) Stock Corporations Act. Their latest declaration was made permanently available to all shareholders in December 2009 under **www.telegate.com**, in the section "Investor Relations".

All recommendations of the Government Commission German Corporate Governance Code, published in the official section of the electronic Federal Gazette by the Federal Ministry of Justice in the amended version of June 8, 2009, have been and will be met with the following justified exceptions:

Own risk retention in the case of D&O insurance (item 3.8)
The D&O liability insurance of members of the telegate AG's Management Board and Supervisory Board does not provide for own risk retention. The practice exercised by telegate is according to international standards and also to the practices of the majority shareholder SEAT Pagine Gialle, who has taken out the D&O insurance for its boards members and executive staff without deductible. telegate is bound by existing insurance contracts, which it considers financially extremely positive as well, and which have been closed before the act on the appropriateness of executive remuneration has come into effect, and beyond that the insurance has been taken out not only for the Management Board but for all executive staff and board members of the telegate AG.

Individual disclosure of remuneration of Management Board (item 4.2.4)
The total compensation of each one of the members of the Management Board is not disclosed by name, telegate reports the remuneration of the Management Board as a total sum. This is due to an according resolution by the Annual General Meeting from May 15, 2006, which has been passed with the necessary three-quarters majority.

Age limit for members of the Management Board and the Supervisory Board (item 5.1.2./5.4.1.)
An age limit has not been set for members of the Management Board and the Supervisory Board. telegate upholds the opinion that the performance of a Management and Supervisory Board member is independent of age. Furthermore, we consider the definition of an age limit for Supervisory Board members to be an inappropriate restriction of the shareholders' right to elect the members of the Supervisory Board.

Remuneration of Supervisory Board members (item 5.4.6)
Chairmanship of committees of the Supervisory Board is currently not taken into account with regard to the remuneration of the members of the Supervisory Board (Paragraph 1) and no performance-related bonus is envisaged (Paragraph 2). In the notes to its financial statements, telegate shows the remuneration of its Supervisory Board as a whole. telegate does not provide an individualized breakdown (Paragraph 3). The chairmanship of committees of the Supervisory Board is currently not taken into account with regard to the remuneration because the articles of association do not stipulate that. However, the commitment within the several committees is being taken into consideration regarding the remuneration.

In addition to a fixed remuneration, the Code recommends success-oriented remuneration for Supervisory Board members. In our opinion, telegate should not create a success-oriented incentive system for the members of the Supervisory Board. The existing remuneration system is better suited to ensure the independence of the Supervisory Board for the effective performance of its supervision and monitoring duties.

Furthermore the Code recommends reporting the remuneration paid to the Supervisory Board members on an individual basis. In the following remuneration report, telegate lists the total remuneration for the full Supervisory Board and the work undertaken as committee activity in one sum. Remuneration is not reported on an individual basis, as we believe that this is of no relevance to the capital markets.

All proposals of the German Corporate Governance Code continue to be implemented, with the following exception: telegate does not offer the opportunity to follow the shareholders' meeting via electronic communications media, such as the Internet, as the company considers the additional organizational and financial expense for this not to be justified.

Cooperation between Management and Supervisory Board

The Management and Supervisory Board cooperate closely for the benefit of the company. Using the means of an extensive reporting system the Management Board provides the Supervisory Board with regular, thorough, and timely information regarding all key questions of strategy, planning, business performance, the financial and profit situation, as well as corporate opportunities and risks that are of relevance to the company. Deviations from the scheduled plans and objectives were explained in detail and by outlining the reason thereof. Business transactions of material significance are subject to approval by the Supervisory Board in accordance with the Articles of Incorporation.

There were no consultancy, other services or work contracts between the members of the Supervisory Board and the company during the period under review. Management Board and Supervisory Board members had no conflicts of interest.

Shareholders and Shareholders' Meeting

Our shareholders are kept regularly informed of significant dates through the annual report, the quarterly reports and the company's website. telegate provides news on the Group several times during the year by means of an electronic newsletter (in German and English), which is available for subscription to all shareholders and interested readers. Shareholders have the opportunity to exercise their vote in person, or by proxy, at the annual shareholders' meeting.

Active, open and transparent Communication

In order to guarantee maximum transparency, the claim of telegate's business communication is to provide all stakeholders with the same information at the same time. To ensure this, telegate makes detailed documentation and information available on the company's website, such as financial dates and reports, details on the shareholders' meeting, presentations, ad-hoc and press releases.

Details on Director's Dealings required under Sec. 15a of the (German) Securities Trading Act are also made available on the Internet in the "Investor Relations" section. However, in this reporting period no Director's Dealings occured.

There was no ownership of shares and/or derivative financial instruments that are subject to notification according to item 6.6 of the German Corporate Governance Code. The Notes to the annual financial statement provides supplementary information on company organs and the relations to related parties.

Responsible Opportunity and Risk Management

A responsible corporate governance system requires a functioning risk management system. The Management Board has implemented a multistage, integrated planning and controlling system. The Supervisory Board is integrated into the risk management process through quarterly reports and the reports made to the Supervisory Board meetings. Further details are provided in the management report.

Annual Audit

For fiscal year 2009 Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft once again acted as auditor. It was agreed that the chairman of the audit committee is to be informed without delay of all findings and occurrences established during the course of the audit, which are of material importance for the tasks and duties of the Supervisory Board, unless these are immediately corrected. Furthermore, the auditor is to inform the Supervisory Board and/or make a note in the audit report of any facts established in the course of the audit that could imply a false statement in the declaration of compliance issued by the Management Board and Supervisory Board under Section 161 of the (German) Stock Corporation Act.

Remuneration Report

Remuneration of the Management Board

The Supervisory Board's Human Resources Committee advises and regularly reviews the structure of the remuneration system for the Management Board. At the proposal of this committee the full Supervisory Board determines the total compensation of the individual Management Board members. Furthermore it regularly reviews the Management Board compensation system.

The remuneration model for the Management Board shall be attractive and appropriate to compete for highly qualified management personnel. Criteria for the appropriateness of remuneration are, in particular, the duties of the respective Management Board member, his personal performance, the performance of the Management Board as well as the economic situation, success and future prospects of the company in the context of the peer group.

A. General Remuneration System

The Management Board's remuneration consists of fixed (performance-independent) and performance-related components. The performance-independent components comprise a fixed salary and benefits in kind, while the performance-related components are made up of bonuses and a component with long-term incentive effects. Further to these, the members of the Management Board have received pension benefits.

As a basic remuneration element independent on the annual performance, the fixed salary is paid out as monthly salary. It is based on the income schedule that is defined by the full Supervisory Board. This schedule takes into account the state and midterm goal setting of the company and the criteria to be considered regarding Article 87 paragraph 1 German Stock Corporations Act and German Corporate Governance Code. The benefits in kind essentially comprise the value recognized by taxation guidelines for the usage of a company car. The taxes due for that company car are paid by the individual Management Board member.

Loans or advances were not granted to Management Board member in the year under review.

The bonus payment constitutes one element of the performance-related remuneration. It is contingent on achieving key targets that are most important for increasing the company's enterprise value. Sales and earnings targets serve as benchmark figures for the annual plan within the regularly adjusted 3 year plan, which is subject to approval by the Supervisory Board. In addition, further quantitative and qualitative goals are set, whose achievement is the basis of a lasting realisation of mid-term goals of the company. This remuneration component acts as an incentive for the Management Board's successful work and constitutes an important element in the total cash remuneration. It can be as high as 55 % of said cash remuneration.

B. Remuneration in 2009

Since fiscal year 2006 legal stipulations require the remuneration of Management Board members to be disclosed on an individual basis. telegate lists the remuneration of Management Board members collectively as one sum, as the shareholders' meeting of May 15, 2006 had made use of the so-called opting-out clause. In fiscal year 2009 the Management Board remuneration per IAS/IFRS came to kEUR 1,142 (prior year kEUR 1,355).

Of this kEUR 520 (prior year kEUR 490) were for salaries and kEUR 540 for bonuses (prior year kEUR 616). The value of benefits in kind totaled kEUR 36 (prior year kEUR 36).

In the last fiscal year no stock options were granted to members of the Management Board.

The Management Board members received pension benefits totaling kEUR 46 per IAS/IFRS. They are essentially based on the time of service and individual remuneration of the Management Board members. The pension benefit is linked only to the fixed remuneration component. The Notes to the Group's annual financial statement provide further details under the section "Retirement benefit plans".

Management Board Remuneration in EUR

	2009 (IAS/IFRS)	2008 (IAS/IFRS)	2009 (HGB)	2008 (HGB)
Fixed salary	520,000.00	490,000.00	520,000.00	490,000.00
Bonus	540,445.50	615,833.40	540,445.50	615,833.40
Benefits in kind	35,630.31	35,699.90	35,630.31	35,699.90
Pension Benefits	45,763.00	58,566.00	0	0
Total without stock options	1,141,838.81	1,200,099.30	1,096,075.81	1,141,533.30
Stock options	0*	155,400.00**	0*	155,400.00**
Total including stock options	1,141,838.81	1,355,499.30	1,096,075.81	1,296,933.30

*In fiscal year 2009 no stock options have been granted to Members of the Management Board.
** In fiscal year 2008 105,000 stock options have been granted to Members of the Management Board.

No Management Board member received benefits or corresponding undertakings from third parties regarding his activities as a Management Board member during the preceding fiscal year. Group-internal memberships on Management or Supervisory Boards were not and are not reimbursed.

Additional remuneration components, beyond the cash payments and benefits in kind described, do not exist.

Supervisory Board Remuneration

Sec. 4.6, of the Articles of Incorporation defines the remuneration of the Supervisory Board. It is based on the duties and responsibilities of the members of the Supervisory Board.

In addition to the refund of expenses, each member of the Supervisory Board receives a fixed annual salary of kEUR 10. The remuneration is due for payment after the shareholders meeting has formally ratified the actions of the Supervisory Board for the preceding fiscal year. The chairperson receives two times that sum and his deputy receives one and a half times of said sum. Supervisory Board members who joined the Supervisory Board in the course of the fiscal year shall receive a smaller remuneration payment proportionate to the period of time served. Supervisory Board members, who did not attend at least 75 % of all Supervisory Board meetings during a fiscal year, shall receive a lower remuneration reduced by 50 %.

In addition to the basic remuneration, membership in one of the Supervisory Board's Committees shall be remunerated at an annual fixed amount of 1,000 EUR. This shall be contingent upon the committee having convened during the fiscal year and the member actually having attended at least one meeting of the committee.

For fiscal year 2009, the total remuneration for the Supervisory Board came to kEUR 145 (prior year kEUR 148).

No member of the Supervisory Board received additional remuneration or advantages for services personally provided, particularly for consulting or agency services. Loans or advances were not granted to Supervisory Board member in the year under review.

Group Management Report

Group Management Report

Fiscal Year 2009 – Overview

In the expired fiscal year 2009, telegate Group was able to successfully fulfil the profit targets it had set itself. Despite the financial crisis, 2009 was once again an overall successful fiscal year for the affiliated group.

The income (EBITDA) from continuing operations before non-recurring effects (EUR1.4 m non-recurring costs for capacity adjustments + EUR 0.9 m non-recurring costs integration telegate Media AG + EUR 1.7 m positive one-off effect following a settlement with Deutsche Telekom AG concerning invoicing issues) amounted to a total of (EUR 35.0 m previous year: EUR 39.4 m).

The company has taken important steps with regard to implementing its transformation strategy. As of March 16, 2009, telegate Media AG (formerly klickTel AG) is wholly-owned by telegate AG. The operative integration of the company into the telegate Group is almost complete, and has ensured that the company now finds itself in a very good starting position in the German market for Local Search and in the small- and medium-sized B2B directory advertising business. With respect to product innovation, telegate has significantly improved its market position in all directory assistance channels: mobile, online, software and telephone. telegate has also made good progress in expanding its sales organisation in the fiscal year 2009. The sales partnership concluded with Google in October 2008 was off to a successful start, both in terms of quality and quantity. In the meantime, the share of the directory advertising business in sales in relation to segment sales of the core market Germany rose by 20 %.

Another fundamental step in the company's transformation process was selling the French subsidiary on November 02, 2009. In the consolidated financial statements, the French subsidiary is therefore listed as discontinued operation. The main reason for the separation is the difficult market environment in France, which has continued to get worse since January 01, 2010 due to the obligatory price announcement before the call. In addition, the separation makes it possible to focus more strongly on the chances available on the German market.

Due to the sale of the French company 118000 SAS, the item "Corporate Profit- and Loss Statement" for the fiscal year 2008 was adjusted in accordance with IFRS 5.34.

In the traditional directory assistance business, it was once again possible to counteract the continued sharp downward trend - due to the substitution by the internet directory assistance - that has established itself in all of Europe, especially by increasing the sales per caller. Another important step to optimise the capacities in Germany and to be able to operate the directory assistance in a more profitable manner was a consolidation of call centers as of July 01, 2009.

The positive profit situation, the chances opened up by changing the business model and the continuous dividend policy are amongst others reflected in telegate AG's share price, which rose by more than 50 % compared to December 31, 2008.

Economic Environment

Overall economic conditions

The fiscal year was characterised by the most serious crisis to hit the global financial system since the end of the Second World War. To a large extent, the directory assistance business is independent from the economy, but especially as far as the European market is concerned, telegate was not able to defy the recession completely.

In the past, this business model was essentially characterised by legal framework conditions, as well as by the decisions of regulation authorities. Meanwhile, changes in the market are based increasingly on technological innovation and changes in user behaviour regarding digital media.

The directory advertising business, which is relatively new to telegate, is influenced primarily by the advertising behaviour in small- and medium-sized businesses as well as sector-specific and overall economic framework conditions. So far, the worldwide financial and economic crisis has not visibly compromised the progress of business in the German segment.

The development of the framework conditions in the markets of relevance for telegate is outlined below.

Market development

Germany/Austria

The transition in the German directory assistance market has continued in 2009. On the one hand, the market volume in the area of traditional directory assistance is declining, and on the other hand, according to a GfK study that has meanwhile been published in October 2009, more than 50 % of local directory inquiries in Germany are made using stationary and mobile internet devices – meaning that for the first time ever, more of these inquiries are made online than by using printed business directories. Due to the decline in the traditional telephone directory assistance market, telegate had to perform capacity adjustments and make the related non-recurring expenditures, despite the increase in market share from 38 % to 40 %.

As far as internet-based searches are concerned, telegate Media with its clustered Local Search platforms **www.11880.com** and **www.klickTel.de** is currently in a neck-and-neck race with **www.gelbeseiten.de**, vying for the leading position as the Local Search provider with the largest range in Germany. One success story is the ruling of the German Patent and Trade Mark Office (DPMA) dated May 15, 2009, stipulating that the word mark “Gelbe Seiten” be deleted. The company sees this decision as a sign for more competition in the directory advertising business.

For the first time ever, German consumers prefer the internet over printed directories when searching for businesses and industries (Source: GfK study “So lokal sucht Deutschland”, October 2009). By now, users are performing more and more searches on the web, yet most businesses still advertise in printed media. An advertising strategy adapted to users’ search behaviour offers telegate significant future growth chances.

By now, almost one in ten of the approx. 800 m internet search inquiries made annually are performed using a mobile internet device, and the tendency is on the rise. telegate Media is the only provider offering Local Search Apps for the leading Smartphone platforms BlackBerry, iPhone, Windows Mobile and Google Android. According to the German Information and Directory Media Association (VDAV), around 1.1 m Local Search Apps were downloaded between January 2009 and October 2009 – roughly half a mio. of these downloads are allotted to telegate.

Italy
The negative trend in the traditional directory assistance business has increased in 2009. Currently, the Italian directory assistance market already finds itself in an advanced stage of consolidation. The Seat Group was able to successfully protect its leading position with a market share of approximately 57 %.

telegate increased the share of calls processed abroad where costs are lower, in order to be able to compensate for the increased production costs that resulted from changes to the legal framework conditions in 2008. The changes to the labour law prohibit the implementation of flexible “project work contracts” for inbound call-centre activities in Italy.

Spain
The financial and economic crisis hit Spain particularly hard, and it also left its marks on the telephone directory assistance market, which is usually independent from economic developments to a large degree. The decline in the market, which was exacerbated by the trend towards digital directory assistance services, fluctuated between 20 % and 30 % during the course of the year.

Despite a considerable reduction in advertising expenses in the year 2009, telegate was able to slightly increase its market share.

Reviews are being conducted in Spain as to how the business can be developed in a successful manner. Last year a platform was launched especially for the business online directory assistance **www.guias11811.es**. In future, businesses there – analogously to Germany – shall have the opportunity to use the platform to advertise their services. Hereby numerous synergies with and experiences from the German core market are utilised.

France
As is the case in all countries, France, too, has experienced a decline in the traditional directory assistance market. In 2009, telegate once again reduced its advertising expenses compared to the previous years.

In 2010 the market environment is again expected to intensify, since a cost announcement prior to each call will become obligatory from January 01, 2010 onwards.

The difficult market environment in France, in connection with the company’s focus on the German market, prompted telegate to sell its French subsidiary. A corresponding contract was signed on October 01, 2009. The transaction was finally completed on November 02, 2009.

The separation from the French subsidiary is therefore listed as what is known as a discontinued operation.

Financial situation

Profitability

Group
In the past fiscal year, the telegate Group has generated revenues in the continued operations amounting to EUR 153.9 m (previous year: EUR 164.1 m). The reduction in revenues is largely due to the Europe-wide downturn of the total market for telephone directory assistance.

In 2009, the European (excl. German) revenue share of the corporate revenues only amounts to approximately 20 % (previous year: ca. 30 % including France). This development is due to both the sale of the French subsidiary, as well as the overproportional revenue decline in Spain and Italy, which was worsened in these countries by the severe financial crisis.

The gross profit margin decreased slightly from 57.2 % to 56.3 %. The high-margin traditional directory assistance business cannot be entirely compensated for by the currently still low-margin directory advertising business.

The previous year's EBITDA level from continuing operations of EUR 39.4 m before non-recurring effects (EUR 2.5 m non-recurring costs integration telegate Media AG + EUR 5.6 m positive non-recurring income data cost lawsuit) has decreased to EUR 35.0 m before non-recurring effects (EUR 1.4 m non-recurring costs for capacity adjustments + EUR EUR 0.9 m non-recurring costs integration telegate Media AG + EUR 1.7 m positive non-recurring effect following a settlement with Deutsche Telekom AG regarding invoicing issues).

In particular due to the diminished operative profitability, the annual net income after taxes from continuing operations decreased to EUR 19.1 m (previous year: EUR 24.4 m).

Extraordinary impairments of value (EUR 2.4 m goodwill as well as EUR 0.6 m fixed assets both in France) resulted in a loss after taxes from the discontinued operation amounting to EUR -3.1 m (previous year: EUR -0.2 m). The discontinued operations include France only.

Segment Report

• Germany/Austria

In the German/Austrian segment the transformation of the business model from a traditional provider of telephone directory assistance to a specialist for local searches and small- and medium-sized enterprise marketing is making successful progress. An important milestone in this process was the acquisition of the former klickTel AG, the operative integration of which is almost complete, both on the sales and the products level. It manoeuvred telegate into a very advantageous starting position on the Local Search market, which in Germany encompasses an advertising volume of around EUR 1.3 bn. The growth of the directory advertising business is reflected, among other things, in the notable expansion of sales capacities. Over the course of the past 12 months, the sales team was increased to include more than 450 employees. This made it possible to make considerable advances in the acquisition of new customers. Currently – and with an upward trend – more than 1,000 advertising customers are acquired each month, which telegate Media portals utilise for line of business and search engine advertisement and thereby for new customer contacts. Overall, the company has more than 50,000 marketing advertisements at its disposal by the end of the fiscal year.

In Germany, telegate is continuing to further expand the user services for local searches via all digital media channels – internet portals, telephone directories, mobile application, commercial and private software – with new services and features. Following the huge success of the "klickTel for iPhone" mobile application, which is estimated to have been downloaded on one in every two iPhones in Germany, and which was awarded the bronze German Directory Media Prize in 2009, telegate now offers the most comprehensive Local Search product portfolio for mobile platforms in Germany, including solutions for iPhone, Google Android, BlackBerry and Windows Mobile. In autumn 2009, a new revised version of the klickTel apps was successfully positioned on the market.

In terms of sales, the entire German segment experienced a slight decline to EUR 121.7 m (previous year: EUR 124.3 m). The increase in sales of over 30 % in the directory advertising business (respectively 8 % on a comparable basis – complete consolidation of the former klickTel AG in 2008) could not fully compensate for the downturn in the directory assistance business.

In the traditional directory assistance business, sales went down from EUR 105.8 m to EUR 97.4 m. In this case it was possible to partially compensate for the decreasing call volume by increasing the revenue per caller (especially by offering value-added services).

Pleasant progress was made concerning the revenue in the directory advertising business. The share of segment sales amounting to approximately 15 % in the fiscal year 2008 now increased to 20 % in 2009.

Before taking non-recurring effects into consideration, the EBITDA decreased from EUR 34.6 m (EUR 2.5 m non-recurring costs integration telegate Media AG + EUR 5.6 m positive non-recurring income from winning a data cost lawsuit) to EUR 32.5 m (EUR 1.4 m non-recurring costs for capacity adjustments + EUR 0.9 m non-recurring costs integration telegate Media AG + EUR 1.7 m positive non-recurring effect following a settlement with Deutsche Telekom AG). So far, the directory advertising business could not compensate for the high-margin yet declining directory assistance business in terms of sales.

• *Italy/Spain*

The economic development in Spain and in Italy was severely affected by the financial crisis. In both countries it was possible to protect the market share despite reduced advertisement expenses. It was not possible, however, to compensate for the sharp decline of the total market. A strong drop in caller volume in both countries therefore negatively affected the sales (EUR 32.2 m, previous year: EUR 39.8 m) and the operating results before depreciation and amortisation (EBITDA) (EUR 2.5 m, previous year: EUR 5.2 m).

By making adjustments on the cost side (reduction of capacities, further expansion of offshoring/outsourcing and reduction of advertisement expenses) as well as increasing the revenue per call, it was possible to partially mitigate the negative development.

• *France*

In the French segment, the sales in the traditional directory assistance business are reflected both in the declining total market as well as the competitive environment that remains as difficult as before.

The French company is not considered a continued operation in the consolidated financial statements. The sales contract was signed on October 01, 2009 and finally completed on November 02, 2009.

In the past fiscal year, in the period up to November 02, France generated a loss after taxes amounting to EUR -3.1 m (previous 12 months: EUR -0.2 m). These figures, however, include extraordinary amortisations regarding goodwill (EUR 2.4 m) and fixed assets (EUR 0.6 m).

For more information regarding the discontinued operation, please refer to the “Appendix of the Consolidated Financial Statements”.

Net worth and financial position

Investments

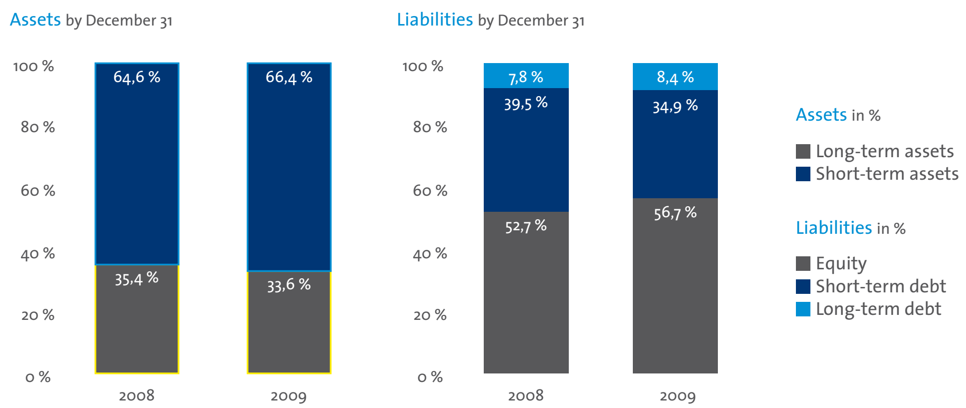
The total investments (without the segment France) of the expired fiscal year amount to EUR 5.6 m (previous year: EUR 5.0 m). The investments in fixed assets and intangible assets mostly encompass investments in the customer relationship management system to support the directory advertising business, as well as projects in the course of the integration of telegate Media AG. The latter is also the reason why the investments have increased compared to the previous year.

Balance sheet

Despite the acquisition of telegate Media AG in the year 2008 as well as the dividend distribution in 2009, the balance sheet quality of the telegate Group remains very solid in the year 2009. As of December 31, 2009, the equity ratio amounted to 56.7 %, in comparison to 52.7 % the previous year. Despite high additional income tax payments, it is positive to note that the liquid assets have meanwhile increased to EUR 59.9 m (previous year: EUR 53.5 m).

In the reporting year, the balance sheet total of the telegate Group decreased by EUR 12.0 m, or 6.5 %, to now EUR 171.6 m (previous year: EUR 183.6 m). This decline is largely due to the deconsolidation or the sale of the French subsidiary.

Compared to December 31, 2008, the assets decreased due to scheduled depreciation and amortisation of the intangible assets, the fixed assets and the business- or company value (amortisation goodwill France). The decrease on the liabilities side is mainly the result of the reduction of the delimited short-term liabilities.



Cash flow & Financing

• General

The liquidity development in 2009 contained significant outflows (EUR 16.1 m) due to income tax payments that in part still refer to 2008 (2008: EUR 4.2 m). In addition, 2008 included inpayments amounting to EUR 5.6 m from a reclamation lawsuit won in the court of final appeal against Deutsche Telekom AG, whereas in the year 2009 only a payment of EUR 1.7 m from a settlement with Deutsche Telekom AG was recorded in the operative cash flow. The decrease in trade accounts had a positive effect on the development. The operative cash flow, defined as "cash provided by/used in continuing operations" therefore totalled EUR 24.7 m in the fiscal year 2009, compared to EUR 31.9 m the year before.

The cash flow from investments in the reporting period amounted to EUR -5.4 m (previous year: EUR 32.5 m). The reason for this was the acquisition of telegate Media AG, for which EUR 29.7 m in funds was used the previous year.
Due to the unchanged dividend payment of EUR 0.70 per share for the fiscal year 2008, and an only slightly lower net interest income, the cash flow from financing activities remained constant at EUR -12.8 m.
The above-mentioned effects resulted in a positive increase in cash and cash equivalents by EUR 6.5 m to EUR 59.9 m as of December 31, 2009.

As a result of its solid assets and financial position, the company is in a good starting position as regards the overall economic development, which remains uncertain.

• Capital structure/Dividends

For the fiscal year 2009, telegate AG generated net earnings of EUR 14.9 m (previous year: EUR 14.9 m) as shown in its individual financial statement, in accordance with German commercial regulations.

At the Shareholders' Meeting on June 09, 2010, the Management Board and the Supervisory Board will propose the payment of a dividend that orients itself by the previous years and amounts to EUR 0.70 per share entitled to dividend. This would amount to a total distribution sum of EUR 14.9 m, or a dividend yield of around 7 % based on the share price on December 31, 2009, the fixed day.

Acquisitions & Disinvestments/Changes in consolidation

In the fiscal year 2009, the remaining minority shareholders of telegate Media AG were squeezed out, after telegate AG already held 96.97 % of telegate Media AG shares as of December 31, 2008.

After the Shareholders' Meeting of telegate Media AG agreed on December 03, 2008 to transfer the shares of telegate Media AG's remaining shareholders (minority shareholders) to telegate AG, in accordance with section 327a German Stock Companies Act (AktG), this resolution became legally binding on March 16, 2009. Since that date, telegate Media AG is wholly-owned by telegate AG. This acquisition constituted a strategically important addition.

In addition, the subsidiary telegate LLC was founded in Armenia in the fiscal year 2009 for the purposes of product development.

With effect as of November 02, 2009, the French subsidiary telegate 118000 SAS was sold, so that the focus could be concentrated on the transformation of the business model in the German core market.

As of November 30, 2009 the deconsolidation of mobilsafe AG was carried out.

Further details regarding this topic can be found in the appendix under item 13 "Discontinued operation".

Events subsequent to the reporting date

The application to have the company mobilsafe AG deleted from the commercial register has been approved by January 29, 2010.

Research and development

As a service provider, telegate does not conduct basic research and development in the original sense.

The expansion and the development of services as well as product development, however, are of central importance for telegate. In the year 2009, successful internet and software services as well as a new generation of the mobile applications were developed and successfully introduced on the market. The number of employees in product development sector was further enlarged, which was also due to the formation of the subsidiary in Armenia.

Employees

The motivation and the competences of the almost 2,900 employees is crucial for how well telegate is prepared for the challenges it faces in the future.

With their personal commitment and their readiness to take on responsibility, they help shape the image that customers and business partners have of the company. In their individual fields of work, they contribute to the success of the telegate Group. That is why the human resources strategy is an integral component of the corporate strategy. The aim of telegate's human resources strategy is to employ the personnel with the necessary qualification in the right position at the right time, so that both the company and the employees as well as customers benefit equally from this strategy. To this purpose, the company offers both in-house as well as external custom-tailored training and qualification courses for the professional advancement of its employees.

In the fiscal year 2009, against the backdrop of changes to the business model, focus was laid especially on the further expansion of the advertisement sales team with qualified employees, particularly in field sales.

At the same time, the capacities in the traditional directory assistance sector had to be reduced.

As of December 31, 2009, the telegate Group employed a total of 2,890 employees (headcount). Compared to the previous year, the number of employees went down by 173 persons. The expansion of the directory advertising business as well as the formation of the subsidiary in Armenia, on the one hand, was opposed on the other hand by the considerable decrease in the number of employees due to the sale of the French subsidiary as well as adjustments in the traditional directory assistance business.

Opportunity- and risk management

General explanations

As a telecommunication service provider operating on an international scale, telegate is naturally subjected to the opportunities and risks specific to the business and the sector. The corporation's risk policy is geared towards systematically and continuously increasing the value of the company and reaching medium-term financial targets. The name and reputation of the telegate Group is of primary importance for the corporation.

The risk- and opportunity management strategy is therefore an essential component of all the telegate corporation's business-related processes and decisions. For that reason, the Management Board of telegate AG summarised the fundamental elements of opportunity- and risk management in guidelines. These guidelines apply to all companies within the corporate group. Control- and guidance systems were also implemented in order to be able to measure, assess and regulate the development of the lines of business and all related risks and opportunities. Opportunity- and risk management is traditionally the domain of the heads of all business units as well as process- and project managers. They in turn ensure that the employees are integrated in the opportunity- and risk management process defined by the Management Board.

The telegate Group's opportunity- and risk management is rooted in the strategy development and flows into all other planning processes. In annual planning sessions, for example, all business activities are examined and evaluated with respect to the opportunities and risks. Based on this evaluation, goals are then formulated (especially as regards sales- and earnings targets), and the corporation-wide controlling- and reporting system ensures that these goals are reached over the course of the year. It is thereby possible to identify and analyse monthly deviations in the actual business development from the planned business development. In so doing, risks to success can be promptly detected and measures for managing or counteracting these risks can be initiated. In the telegate Group's planning over the course of the year, the risks and opportunities of the company are also ascertained and evaluated on a quarterly basis. Once every quarter, the Management Board of telegate AG is informed about the significant risks and opportunities from business operations, countermeasures that have been initiated as well as the effect on earnings. In addition to the regular reporting outlined above, internal ad-hoc reporting will take place in the event of unexpected risks.

Regular reviews are conducted concerning the efficiency and adequacy of the telegate Group's opportunity- and risk management strategy. If there is room for improvement, the Management Board is notified and the necessary measures are implemented.

Apart from the analysis of risks on a company level, telegate now also evaluates the risks of the individual segments Directory Assistance Solutions and Media.

Opportunities and risks of the telegate group

Growth market Local Search

The market volume for Local Search in Germany remains high. However, changes have been noted in user behaviour. Users are meanwhile performing most searches online, yet the companies to a large extent are advertising their services in printed media. An advertisement strategy adapted to the changes in the users' search behaviour offers telegate significant future growth opportunities.

telegate group corporate accounting procedure & explanation of essential features of the internal control- and risk management system with regard to the accounting procedure

Corporate accounting procedure:

As a capital market-oriented corporation as defined in section 264d HGB (German Commercial Code), we are obligated by section 289 (5) HGB to describe the essential features of the internal control- and risk management system with respect to the accounting procedure.

The internal control- and risk management system, with respect to the accounting procedure and profit accounting, has not been legally defined. We perceive the internal control and risk management system to be a comprehensive system, and we orientate ourselves by the definitions provided by the Institut der Wirtschaftspruefer in Deutschland e.V. [Institute of Public Auditors in Germany, registered association], Duesseldorf, concerning the accounting-related internal control system (IDW PS 261 Tz. 19 f.) and the risk management system (IDW PS 340, Tz. 4). An internal control system is thereby considered to be a set of regulations, processes and measures introduced in the company by the management and geared towards the organisational implementation of management decisions

- to secure the effectiveness and profitability of the business activity (this also includes the protection of assets, as well as the prevention and detection of damages to assets),
- to ensure correct and reliable internal as well as external accounting,
- to adhere to the legal stipulations essential to the company.

The risk management system includes the totality of all organisational regulations and measures for identifying risks and managing the risks of business activities.

With respect to the accounting procedure, the following structures and processes are implemented in the corporation: The departments and sectors involved in the accounting procedure are equipped as necessary, both in terms of quantity and quality.

Accounting data that is received or passed on is regularly checked for completeness and correctness. Programmed plausibility checks are performed using special software.

The dual control principle is applied when controlling important processes, such as in the framework of payment cycle. The confirmation of the review and payment instructions must be signed and dated.

Incoming invoices shall also be presented to the relevant departments for substantive and calculatory review. This means, that the party placing the order must confirm by signature that the ware has been received or that the service was rendered according to the order specifications.

The check must take place immediately and be passed on to the supervisor or cost centre manager along with a cost centre account assignment, so that the supervisor/cost centre manager can authorise the payment. As a last resort, to ensure correctness, two authorised signatories with power of attorney can trigger the payment.

Summary of the essential features:
The purpose of the internal control- and risk management system regarding the accounting process, the essential features of which are outlined above, is to ensure that business activities are always correctly documented, processed and acknowledged in the balance sheet, and that they can be adopted by accounting. A suitable choice of personnel, the use of adequate software as well as clear legal and in-house guidelines are the basis of a correct, unified and continuous accounting procedure. A strict delineation of the areas of responsibility as well as different control- and review mechanisms, as outlined in more detail above, also make it possible to ensure correct and responsible accounting. Business activities can thereby be recorded, processed and documented in compliance with legal stipulation as well as internal guidelines, and be recorded in the accounting properly and in a timely manner. At the same time, the aim is to ensure that assets and liabilities are shown, accounted and evaluated in the annual and consolidated financial statements, and to ensure that reliable and relevant information is made available as soon as possible.

Regulation of the telecommunications business
The business activities of the telegate Group strongly depend on legal framework condition and decisions announced by legislators and regulation authorities. Examples include the regulation concerning the allocation of telephone numbers, access to participants' data and preliminary telecommunications work, etc. The regulation guidelines determine, for example, which telephone directory assistance services are rendered by telegate or how the directory assistance numbers are allocated. Violating the rules for the allocation of directory assistance numbers, for example, could lead to a warning by the regulation authority, or ultimately also to the revocation of a telephone number. The latter would have a severely negative impact on the company's financial existence.

Ex-monopolists such as Deutsche Telekom AG are essential precursor services for telegate, thus creating a certain degree of economic dependency. The majority of these services, however, are monitored in terms of regulation and competition laws, putting the risk into perspective. Another risk is if the authorities responsible do not act. This means the entry into new markets involves risks related to regulation and competition that could affect the country-specific success of the business model of an alternative directory assistance provider. By intensely cooperating with regards to the liberalisation conditions or legal framework conditions and intensive monitoring of the relevant markets, the circumstances described above can be influenced in a manner that is positive for telegate.

Legal disputes
telegate is party to a large number of legal disputes and other contentions with competitors as well as other third parties. On the one hand, these disputes include passive conflicts, such as the back payments of data costs to Deutsche Telekom AG. On the other hand there are active disputes, especially versus Deutsche Telekom AG, regarding the reclamation of the data costs paid by telegate and affiliated companies in the period from 1997 to 2004. In addition, there are lawsuits concerning the compensation for the damage caused by excessive data costs. It is not possible to foresee the outcome of these disputes, in which claims can also be made against telegate, or claims can be made by telegate against third parties. The positive verdicts of the Oberlandesgericht [Higher Regional Court] Duesseldorf dated May 16, 2007, June 20, 2007, June 27, 2007 and June 28, 2007, as well as the verdict of the Bundesgerichtshof [German Federal High Court of Justice] dated June 10, 2008, however, have so far confirmed what has been telegate's interpretation of the law for years, namely that Deutsche Telekom AG invoiced excessive data costs.

On October 13, 2009, following the oral proceedings before the anti-trust court senate, the German Federal High Court of Justice (BGH) referred telegate AG's data reclamation lawsuit versus Deutsche Telekom AG back to the Duesseldorf Higher Regional Court, as was expected. Before that, in the ongoing anti-trust proceedings, the BGH confirmed that Deutsche Telekom AG had violated anti-trust law, and also confirmed telegate AG's repayment claims. It is therefore certain, that Deutsche Telekom AG will make repayments to telegate AG, and the final amount of these repayments will now be specified by the Duesseldorf Higher Regional Court. For further information regarding specific legal disputed, please refer to the appendix of the consolidated financial statements.

Granting of public funding
In the past, telegate AG received public funding to promote investments in the newly-formed German states (former GDR). The granted public funds were and still are subject to conditions or requirements, such as the creation and preservation of jobs, which must be fulfilled. If these conditions or requirements are not met or not adhered to, this could lead to demand for the public funds to be recompensated. Since the deadlines for the majority of the funds expired at the end of 2008 and telegate wants to be active for the long-term at the sites in Rostock and Neubrandenburg, which receive funding until 2012, the risk of telegate AG having to repay the funds is extremely low.

Other risks
Being a company, telegate AG is exposed to certain financial risks. That is precisely why controlling and minimising the financial risks with respect to the creation of planning foundation is one of telegate AG's central goals. For further information on this topic, please refer to "Financial Risks" section of the appendix.

One risk that telegate as well as other companies face is if qualified experts and managers leave the company. At telegate, this risk of the loss of know-how is limited by human resources development programmes and other human resources measures.

Unauthorised access to data or data misuse can have a severe impact on business operations. telegate protects itself against this risk with internal guidelines, which provide binding regulations concerning employee's access to and handling of information. In addition, telegate utilises technical measures such as firewall systems, virus scanners as well as redundant IT systems. At the same time, data that is of importance to business operations is duplicated by a precautionary programme. With regard to information technology risks, the entire precautionary programme is continually adapted to operational and technological requirements.

One risk category that is improbable, but cannot be ruled out completely, is environmental risks, such as fires or water damage at telegate's business sites, for example. These risks can severely disrupt company operations. In the framework of international insurance management, telegate has established comprehensive property and business interruption coverage.

Risks of future overall economic development

The global economy is expected to stabilise over the course of the coming years. The risk of downward economic trends remains, however, which can adversely affect the development of our directory advertising business and our customers' caller behaviour.

If the overall economic situation remains negative, this would enhance the already existing risk of customer insolvencies and a temporal delay in the sales increase in the directory advertising business. If the consumption climate were to worsen considerably, for example, the traditional directory assistance business could decline even beyond the existing downward trend.

Information in accordance with section 315 subsection 4 HGB (German Commercial Code) and explanatory report

Composition of the subscribed capital

As of December 31, 2009, telegate AG's subscribed capital is divided into 21,234,545 ordinary shares made out in the person's name without any par value (no-par stock), each granting the rights, especially the same voting rights. There are no different classes of shares.

Compared to December 31, 2008, the number of shares has remained unchanged.

Limitations affecting the voting rights and the transfer of shares

The Management Board of telegate AG is not aware of any limitations affecting voting rights or the transfer of shares.

Shareholdings exceeding 10 % of the voting rights

As of December 31, 2009, the majority shareholders SEAT Pagine Gialle S.p.A., headquartered in Turin/Italy, directly and indirectly hold a total of 77.4 % of the voting rights. The remaining 22.6 % are in free float, mostly with institutional investors.

Shares vested with special rights granting powers of control

There are no shares vested with special rights granting powers of control.

System of control of employee share schemes when control rights are not exercised directly by the employees

Employees that hold shares in the framework of an employee share scheme can, like other shareholders, exercise control rights immediately in accordance with legal stipulations and the provision of the articles of incorporation.

The appointment and discharge of members of the Management Board

The Management Board of telegate AG consists of at least 2 members. The appointment of deputy members is permissible pursuant to no. 3.1 Section 1 of the articles of incorporation. The Supervisory Board is responsible for determining the number, the appointment and the discharge of the regular members as well as the deputy members of the Management Board. The Supervisory Board can also designate the chairman of the Management Board.

Changes to the articles of incorporation

Pursuant to section 179 of the German Stock Companies Act (AktG), changes to the articles of incorporation are implemented by resolution of the shareholders' meeting. The necessary amendment of the articles of incorporation with regards to the amount of the share capital, which can be increased based on exercisable stock options, was transferred to the Supervisory Board on May 12, 2005 by resolution of the shareholders' meeting, and renewed on May 15, 2006, May 09, 2007, June 11, 2008 and May 27, 2009. Furthermore, no. 4.5 of the articles of incorporation authorises the Supervisory Board to decide to change the articles of incorporation, as long as the changes refer only to the wording.

Powers of the board of management with particular regard to the option of issuing or buying back shares
The Management Board does not have the power to buy back shares.

According to no. 2 section 7 of the articles of incorporation, the Management Board is entitled to partly increase the capital stock of telegate AG as of June 30, 2013 by nominal EUR 1,000,000 in the framework of the stock option programme. The purpose of the partial increase in capital is to ensure stock options for the members of the Management Board, members of the management of affiliated companies as well as employees of telegate AG and employees of affiliated companies in accordance with the resolutions of the shareholders' meeting dated May 12, 2005, May 15, 2006, May 09, 2007, June 11, 2008 and May 27, 2009. Per fiscal year, a maximum of 400,000 stock options can be distributed. The determination of the number of stock options to be distributed to all beneficiaries per calendar year is subject to the approval of the Supervisory Board. as of December 31, 2009, 651,250 stock options are still in circulation. If these are not exercised as of June 30, 2013, they shall expire.

Significant agreements which take effect, alter or terminate upon a change of control following a takeover bid
No agreements were made as of December 31, 2009.

Agreements for compensation in the event of a takeover bid
There are no compensation agreements of telegate AG with member of the Management Board and employees in the event of a takeover bid (change of control).

Annual corporate governance statement

The annual corporate governance statement (section 289 HGB (German Commercial Code)) contains the declaration of compliance, details regarding corporate governance practices, and the description of the method of operation of the Management Board and the Supervisory Board. The aim of telegate is to keep the corporate governance report clear and concise.

The above-mentioned information is available on our website at **www.telegate.com > Investor Relations > Corporate Governance > Annual corporate governance statement**.

Compensation system

The Management Board's remuneration consists of fixed (performance-independent) and performance-related components. The performance-independent components comprise a fixed salary and benefits in kind, while the performance-related components are made up of bonuses and a component with long-term incentive effects. Furthermore, the members of the Management Board have received pension benefits.

As a basic remuneration element independent on the annual performance, the fixed salary is paid out as monthly salary. It is pegged to the income schedule that is defined by the Human Resource Committee. This schedule takes account of the current situation and the planning/targets of the telegate Group. The benefits in kind essentially comprise the value recognized by taxation guidelines for the usage of a company car. The taxes due for that company car are paid by the individual Management Board member.

The bonus payment constitutes one element of the performance-related remuneration. It is contingent on achieving key targets that are most important for increasing the company's enterprise value. Sales as well as earnings targets from the annual budget plan, which is subject to approval by the Supervisory Board, serve as benchmark figures. It can be as high as 55 % of said cash remuneration.

For further information on telegate AG's compensation system, please refer to item 45 of the appendix, entitled "Details Regarding telegate AG's Company Bodies".

Forecast report

Business strategy

telegate assumes that the market conditions for the business areas Directory Assistance Solutions and Media will develop in opposite directions. It is projected that over the course of the next two years, the European telephone directory assistance market will continue to decline sharply, whereas the Local Search Advertising market offers significant chances for growth, particularly in Germany.

The focus of the coming fiscal year will be on expanding the range of digital media channels and acquiring new customers in the Local Search market, which is experiencing a significant level of change. In the user area, the main focal point continues to be the development of mobile applications and novel online services. At the beginning of the year, for example, **www.werwiewas.de** was launched as a novel local news portal. In addition, the company strives to further increase the range for its advertising customers by cooperating with renowned partners.

Yet the aim is also to continually expand the product range for advertising customers in the coming years.

The company expects to profit from the structural change in the yellow pages advertising market towards advertisement in digital media as well as the expansion of sales capacities, and anticipates a clearly two-digit growth rate in the advertising business in 2010.

The expected reduction in caller volume in the high-profit traditional directory assistance business will be reflected in the sales performance over the course of the coming years. Countermeasures, such as increasing the revenue per call, are implemented, but there is a tendency that they will be considerably weaker than in the past. This decline cannot yet be compensated by an increase in sales in the business area "Media" at a lower margin. The company therefore predicts a tangibly lower operating result before amortizations and depreciation (EBITDA) before one-off effects on a corporate-wide level in the year 2010.

For the coming years, however, telegate expects the sales to stabilise or even grow. Further margin improvements in the advertising sales business would then again lead to an improvement in earnings.

Other eventual income from payments by Deutsche Telekom AG from the data cost recompensation claims has not been taken into account in this forecast.

Financial strategy

On the one hand, the financial strategy of the telegate Group focuses on securing liquidity for the long-term, and on the other hand, on giving the shareholders an adequate share of the company profit. The financial strategy therefore fundamentally supports the implementation of the corporate strategy and makes it possible to capitalise on the opportunities for growth within the company. The strategy, however, must also organise the company financing in a flexible manner, so that in future, the company can also benefit from opportunities offered on the short-term.

Planegg-Martinsried, February 03, 2010

The Management Board

Responsibility statement

"To the best of our knowledge and in accordance with the applicable accounting policies, the consolidated financial statements give a true and fair view of the group's net worth, financial and profit position and the corporate management report includes a fair review of the business trend and result, together with a description of the main opportunities and risks associated with the expected development of the group"

Planegg-Martinsried, February 3rd, 2010

Dr. Andreas Albath
Chairman of the board

Ralf Grüßhaber
Member of the board

Dr. Paolo Gonano
Member of the board

Consolidated Financial Statements

Consolidated Balance Sheets (IFRS)

ASSETS in kEUR	notes	December 31, 2009	December 31, 2008
Current assets			
Trade accounts receivable	16	59,932	53,461
Prepaid expenses and other current assets	17	48,481	58,110
Total current assets	18	5,631	7,116
Total current assets		**114,044**	**118,687**
Non-current assets			
Goodwill	19/20	7,474	9,887
Intangible assets	21	36,354	40,254
Property and equipment	22	7,612	11,018
Other financial assets	23	733	86
Deferred tax asset	24	5,421	3,665
Total non-current assets		**57,594**	**64,910**
Total assets		**171,638**	**183,597**

LIABILITIES AND SHAREHOLDERS' EQUITY in kEUR	notes	December 31, 2009	December 31, 2008
Current liabilities			
Trade accounts payable	25	20,396	24,433
Accrued liabilities	26	16,835	26,176
Provisions	27	4,475	4,243
Other current liabilities	28	18,138	17,636
Total current liabilities		**59,844**	**72,488**
Non-current liabilities			
Provisions	27	1,013	1,650
Defined benefit liability	29	0	0
Other non-current liabilities	30	441	480
Deferred tax liability	24	13,055	12,169
Total non-current liabilities		**14,509**	**14,299**
Total liabilities		**74,353**	**86,787**
Shareholders' equity			
Share capital	31	21,235	21,235
Additional paid in capital	31	29,875	31,800
Other revenue reserves	31	34,822	31,174
Retained earnings		11,352	11,883
Accumulated other comprehensive income		1	0
Equity attributable to equity holders of the parent		97,285	96,092
Minority interests		0	718
Total shareholders' equity		**97,285**	**96,810**
Total liabilities and shareholders' equity		**171,638**	**183,597**

See accompanying notes to the consolidated financial statements.

Consolidated Income Statement (IFRS)

in kEUR	1.10. – 31.12.2009	1.10. – 31.12.2008	notes	1.1. – 31.12.2009	1.1. – 31.12.2008
	Quarterly Report (unaudited)			12-Months Report	
Continuing operations					
Revenues	36,737	42,181	5	153,889	164,113
Cost of revenues	-16,311	-18,101	6	-67,195	-70,270
Gross profit (excl. depreciation and amortization)	**20,426**	**24,080**		**86,694**	**93,843**
Advertising costs	-4,399	-5,141	7	-12,662	-16,898
Personnel costs (only administration and marketing)	-5,776	-6,699	8	-25,527	-24,371
Depreciation and amortization	-2,565	-2,724	21/22	-10,466	-9,561
Other administrative expenses	-4,175	-5,290	9	-16,446	-16,529
Other operating income/expense	209	253	10	2,296	6,444
Total operating expenses	**-16,706**	**-19,601**		**-62,805**	**-60,915**
Operating income	**3,720**	**4,479**		**23,889**	**32,928**
Interest income/expense	463	741		2,021	2,684
Gain/loss from financial assets and marketable securities	-9	0		64	9
Gain/loss on foreign currency translation	1	0		-4	-1
Financial income	**455**	**741**	**11**	**2,081**	**2,692**
Income before income tax	**4,175**	**5,220**		**25,970**	**35,620**
Current income tax	-933	-1,563		-7,710	-10,751
Deferred income tax	489	-12		871	-429
Income tax expense	**-444**	**-1,575**	**12**	**-6,839**	**-11,180**
Income from continuing operations	**3,731**	**3,645**		**19,131**	**24,440**
Discontinued operations					
Income from discontinued operations	-133	324	13	-3,068	-189
Net income	**3,598**	**3,969**		**16,063**	**24,251**
Attributable to:					
Equity holders of the parent	3,598	4,013		16,052	24,346
Minority interests	0	-44		11	-95
	3,598	3,969		16,063	24,251
Earnings per share-basic and dilutive, for net income for the reporting period attributable to ordinary equity holders of the parent (in EUR)	**0.17**	**0.19**	**15**	**0.76**	**1.15**
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 EUR)	**0.18**	**0.17**	**15**	**0.90**	**1.16**

See accompanying notes to the consolidated financial statements.

Consolidated statement of comprehensive income (IFRS)

in kEUR	Quarterly Report (unaudited) 1.10. – 31.12.2009	1.10. – 31.12.2008	12-Months Report 1.1. – 31.12.2009	1.1. – 31.12.2008
Net income	3,598	3,969	16,063	24,251
Foreign currency translation differences	0	0	1	0
Sum of the result which is recorded directly in equity	**0**	**0**	**1**	**0**
Total comprehensive income	**3,599**	**3,969**	**16,064**	**24,251**
Attributable to:				
Equity holders of the parent	3,599	4,013	16,053	24,346
Minority interests	0	-44	11	-95
	3,599	**3,969**	**16,064**	**24,251**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders´ Equity (IFRS)

in kEUR	notes	Share capital	Additional paid in capital	Other revenue reserves	Retained earnings	Accum. other comprehensive income (loss)	Total	Minority interests	Total equity
		Equity attributable to equity holders of the parent							
	notes	31	31	31					
Balance at January 1, 2009		**21,235**	**31,800**	**31,174**	**11,883**	**0**	**96,092**	**718**	**96,810**
Net income		-	-	-	16,052	-	16,052	11	16,063
Sum of the result which is recorded directly in equity		-	-	-	-	1	1	-	1
Total comprehensive income		**0**	**0**	**0**	**16,052**	**1**	**16,053**	**11**	**16,064**
Release additional paid in capital	31	-	-1,929	-	1,929	-	0	-	0
Allocation to other revenue reserves	31	-	-	3,648	-3,648	-	0	-	0
Dividends	32	-	-	-	-14,864	-	-14,864	-	-14,864
Stock option plan	35	-	227	-	-	-	227	-	227
Acquisition of minority interests	4	-	-223	-	-	-	-223	-729	-952
Balance at December 31, 2009		**21,235**	**29,875**	**34,822**	**11,352**	**1**	**97,285**	**0**	**97,285**
Balance at January 1, 2008		**21,235**	**31,760**	**20,934**	**12,641**	**0**	**86,570**	**0**	**86,570**
Net income		-	-	-	24,346	-	24,346	-95	24,251
Total comprehensive income		**0**	**0**	**0**	**24,346**	**0**	**24,346**	**-95**	**24,251**
Allocation to other revenue reserves	31	-	-	10,240	-10,240	-	0	0	0
Dividends	32	-	-	-	-14,864	-	-14,864	0	-14,864
Stock option plan	35	-	281	-	-	-	281	0	281
Minority interest arising on business combination	4	-	-	-	-	-	0	1,889	1,889
Acquisition of minority interests	4	-	-241	-	-	-	-241	-1,076	-1,317
Balance at December 31, 2008		**21,235**	**31,800**	**31,174**	**11,883**	**0**	**96,092**	**718**	**96,810**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows (IFRS)

in kEUR	notes	1.1. – 31.12.2009	1.1. – 31.12.2008
Cash Flows from operating activities			
Income before income tax from continuing operations		25,970	35,619
Income before income tax from discontinued operations		-3,055	-168
Income before income tax		22,915	35,451
Adjustments for:			
Impairment on goodwill	20	2,413	-
Depreciation and amortization	21/22	11,700	10,512
Gain/loss on disposal of property and equipment		81	66
Gain/loss on disposal of financial investments		0	-9
Gain/loss from goverment grants		-51	-69
Interest income/expense	11	-2,021	-2,687
Gain/loss on foreign currency translation	11	4	1
Stock option expense	35	227	281
Valuation allowance for trade accounts receivable		4,105	-309
Valuation allowance for non-current financial assets		649	0
Gain/loss due to changes in consolidated group		206	0
Other non-cash expenses/income		-142	-56
Changes in non-current provisions		-648	1,161
Changes in non-current receivables		-258	-77
Operating profit before changes in operating assets and liabilities		*39,180*	*44,265*
Changes in operating assets and liabilities:			
Trade accounts receivable		2,874	-7,509
Prepaid expenses and other assets		2,339	307
Trade accounts payable		-3,740	-2,176
Current provisions		306	2,558
Accrued expenses and other liabilities		-206	-1,335
Income taxes paid		-16,066	-4,208
Cash provided by operating activities		**24,687**	**31,902**

in kEUR	notes	1.1. – 31.12.2009	1.1. – 31.12.2008
Cash Flows from investing activities			
Capitalized intangible assets		-3,263	-2,021
Purchase of property and equipment		-1,905	-2,721
Proceeds from sale of property and equipment		13	5
Acquisition of a subsudiary, net of cash acquired	4	0	-28,402
Purchase of a subsidiary, net of cash purchased	13	623	614
Acquisition of minority interests	4	-952	-1,317
Proceeds from government grants		51	1,380
Cash used in investing activities		**-5,434**	**-32,462**
Cash Flows from financing activities			
Dividends paid	32	-14,864	-14,864
Interest received		2,155	2,402
Interest paid		-73	-295
Cash used in financing activities		**-12,782**	**-12,757**
Change in cash and cash equivalents		**6,471**	**-13,317**
Cash and cash equivalents at beginning of reporting period	16	53,461	66,778
Cash and cash equivalents at end of reporting period	16	**59,932**	**53,461**

See accompanying notes to the consolidated financial statements.

Presentation of consolidated financial statements

General principles

1. Presentation 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 at home and abroad.

The consolidated annual 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), the International Financial Reporting Standards (IFRS) – as applicable in the European Union – by December 31, 2009.

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) were taken into account, which were compulsory applicable on the closing date of the financial statements.

The consolidated annual financial statements were supplemented by specific information and the corporate management report, in accordance with article 4 of the directive (EC) no. 1606/2002 of the European Parliament and Council of July 19, 2002 in conjunction with section 315a HGB (German Commercial Code).

The consolidated financial statements of telegate AG (hereinafter also group/telegate/telegate group/company) are stated in euro (EUR). Unless stated otherwise, all values were rounded to thousand (kEUR). For data processing reasons, the tables and cross-references may contain rounding differences compared to the precise mathematical figures.

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

The consolidated annual financial statements and the corporate management report prepared by December 31, 2009 are submitted to the provider of the Electronic German Federal Official Gazette and are published electronically in the German Federal Official Gazette.

Consolidated companies

Basically, the individual financial statements of all direct and indirect subsidiaries (with telegate AG having a controlling influence according to IAS 27.13) are included in the consolidated financial statements, in addition to the individual financial statements of telegate AG, according to IAS 27 "Consolidated and separate financial statements according to IFRS". These financial statements were prepared according to standard and IFRS-conforming accounting principles by the fixed day of the consolidated financial statements December 31, 2009.

Below is a statement of the investment holdings of the telegate group in accordance with section 313 subsection 2 HGB (German Commercial Code) by December 31, 2009:

Name	Domicile	Share in capital
telegate Media AG [1]	Essen	100 %
Datagate GmbH	Martinsried, community Planegg	100 %
WerWieWas GmbH [2] [3]	Martinsried, community Planegg	100 %
telegate Akademie GmbH i.L. [4]	Rostock	100 %
Telegate Auskunftsdienste GmbH [5]	Martinsried, community Planegg	100 %
Telegate Italia S.r.L.	Turin, Italy	100 %
11811 Nueva Información Telefónica S.A.U.	Madrid, Spain	100 %
Uno Uno Ocho Cinco Cero Guías, S.L.	Madrid, Spain	100 %
11880 telegate GmbH	Vienna, Austria	100 %
telegate LLC [6]	Yerevan, Armenia	100 %

[1] telegate AG increased its share to 100 % by acquisitions of voting shares in the first quarter 2009; see note 4 "Changes in consolidated companies".
[2] The name of business of the former 11880.com GmbH in Martinsried was changed to WerWieWas GmbH as of October 01, 2009.
[3] The shares of this group company are held indirectly.
[4] The dissolution of the telegate Akademie GmbH was resolved as of December 31, 2009.
[5] By decision of October 26, 2009, telegate AG, as sole partner of Telegate Auskunftsdienste GmbH, agreed to the use of the preparation and disclosure easing and exemption from the duty to audit the annual financial statements for the fiscal year 2009 in accordance with section 264 subsection 3 number 1 HGB (German Commercial Code).
[6] The share capital of the Armenian company amounts to AMD 50,000 (Armenian Dram).

Consolidated companies changed in the fiscal year 2009 in comparison to December 31, 2008 as follows; for this purpose see also note 4 "Changes in consolidated companies":

- 118000 SAS (formerly: telegate 118000 SARL), France:
  Deconsolidation of 118000 SAS as of November 02, 2009. The name and form of this company was changed from 118000 SARL to 118000 SAS as of August 14, 2009; see note 13 "Discontinued operation".
- telegate AG formed a subsidiary in Armenia as of April 14, 2009; see note 4 "Changes in consolidated companies".
- The deconsolidation of mobilSafe AG i.A. was made with the preparation of the liquidation-final account as of November 30, 2009. A discontinued operation is not shown in the books for reasons of the materiality view.

Consolidation methods

Capital consolidation is made according to the purchase method in accordance with IFRS 3 "Business combinations". Here, the identifiable assets, debts and contingent liabilities of the acquired company are valued with their fair value on the date of acquisition, regardless of the volume of any minority interests. The acquisition cost of a company acquisition are based on the fair values (to be assessed in accordance with the exchange date) of the assets offered, issued equity instruments and debts incurred or assumed plus the costs, which are directly attributable to the business combination. A surplus of the purchase price above the fair values of the identifiable net assets of the acquired company is shown as goodwill. A negative difference, which is the result when the purchase price is lower than the fair values of the identifiable net assets, is recorded in the profit and loss statement which affects the net earnings in the fiscal year of the business combination.

Earnings of the subsidiaries, which are acquired or sold, are included in the group's profit and loss statement from the time when control is obtained and until the actual loss of control respectively.

All main receivables and liabilities, expenses and income as well as interim earnings between the group companies are eliminated within the scope of consolidation in accordance with IAS 27.24.

Minority interests constitute the share in earnings and net assets which are not attributable to the group and are shown separately in the profit and loss statement and balance sheet of the group. The statement in the group balance sheet is made under equity and is separated from the equity, which is attributable to the shareholders of the parent company.

A set-off of the difference between the purchase cost and the value of the acquired minority interest with the equity of the parent company is made with regard to the purchase of minority interest.

Group's funds statement

The company shows its funds statement in accordance with IAS 7 "Cash flow statements". The option of an indirect representation is chosen in accordance with IAS 7.18b with regard to the presentation of cash flow from operating activity. However, direct presentation is provided by IAS 7.21 for the presentation of cash flow from investment and financing activity. This was applied accordingly.

2. Summary of main accounting policies

The main accounting policies used for preparation of the consolidated financial statements are explained below:

Realization of sales

Sales revenues are valued with the fair value to the counter-performance received or to be claimed. Sales revenues accrue as gross inflow of economic advantages within the scope of the ordinary activity of a company, which increases the net assets of the corresponding fiscal year (IAS 18.7 in comparison with RK 74 of the IFRS framework concept). Deductions, value added taxes and other taxes connected with the sale shall be deducted from this amount.

The telegate group shows its sales revenues in the profit and loss statement, if services were rendered. Sales revenues of the core business directory assistance solutions are posted which affects the current-period result on the date of rendering of the service on the basis of the number and duration of the calls made by the private customer via the company. Sales revenues generated by virtue of service agreements with telecommunications providers are based on the number and duration of the calls made by the private customer via the company of the corresponding telecommunications provider.

Sales revenues from the advertising marketing sector are realized which affects the current-period result on the basis of an agreement concluded with the private customer in accordance with the degree of completion. The individual details of the marketing advertisement wanted by the customer are the basis for the calculation. The degree of completion is determined in proportion of the costs accrued to the estimated total costs for the business as of the fixed day. Revenue is composed of the sales price for individual packages and is graded according to package sizes. Small and medium-sized enterprises are the private customers in this sales field, in particular.

Sales revenues from the software business sector are recorded which affects the current-period result as of the date of the transfer of the software to the customer. These sales revenues are based on the agreements concluded with the customers on the type and volume of the corresponding software. Both private and corporate customers are the target group.

In line with IAS 18.20 "Rendering of services", sales revenues are basically realized and posted, if they can be assessed reliably. This is the case when all of the 4 conditions below were met collectively:

- the amount of income can be assessed reliably;
- it is reasonably probable that the company derives the economic benefit of the business;
- the degree of completion of the business on the balance sheet date can be determined reliably; and
- the costs accrued for the business and the costs to be expected until the business is completely winded up can be assessed reliably.

Amounts, which not result in an equity increase, are not shown as revenue in accordance with IAS 18.8. A net statement (balancing of revenues and costs) of the sales revenues is made on this basis, whenever the company acts as agent instead of principal in the corresponding contractual relationships. In turn, this would result in a gross statement (costs are deducted from revenues).

Realization of income from interest

Income from interest is recorded when interest accrued. The calculation of income from interest is made on the basis of the outstanding investment and the interest rate agreed with the contracting party. An accrual on an accrual basis is made.

Translation of foreign currencies

Accounting of foreign currency transactions is made at the telegate group in accordance with IAS 21 "The effects of changes in foreign exchange rates".

Foreign currency transactions are initially recorded with the exchange rate on the transaction date. Monetary assets and debts expressed in foreign currency are converted in euro (IAS 21.23a) with the exchange rate of this day (fixed day rate) on every balance sheet date and the conversion differences resulting herefrom are recorded which affects the current-period result. Non-monetary assets and debts which are valued with their fair values are converted with the valid rates of the day of the determination of the fair values in accordance with IAS 21.23c. Any differences resulting herefrom are directly recorded under equity.

Assets and debts of the foreign group company are converted with the exchange rate of the balance sheet date within the scope of consolidation. Revenue and expense are converted with average exchange rates of the corresponding reporting period, with the exception of significant fluctuations of the conversion rates. The resulting currency conversion differences are classified as equity and are recorded which not affects the operating result under the position "Accumulated other comprehensive income". These accumulated conversion differences are recorded which affects the current-period result at the date of the leaving of the group company.

Advertising expense

Advertising and marketing expenses are posted in accordance with IAS 38.69c as expense in the period of their accrual. The expenses are accrued on an accrual basis under the position "Other current assets" and are shown as expense in the period when the group received the right of access for the goods or services, with regard to the settlement of production costs for making commercials, which is normally made by means of advance payments.

Old age pension schemes

Accounting of old age pension schemes at the telegate group is made in accordance with IAS 19 "Employee benefits" and is dependent on its classification as defined contribution or defined benefit plans.

An actuarial valuation is performed on the closing date of the annual financial statements in each case, with regard to *defined benefit pension plans*.

The amount of the pension obligation to be recorded is calculated by means of the present value expectancy procedure in accordance with IAS 19.64 ff. Demographic presumptions (e. g. fluctuation rate) and financial presumptions (e. g. discount interest rate, salary and pension increase tendencies) are integrated in the valuation of the present value of the defined benefit obligation with regard to this procedure.

Actuarial profits and losses are recorded which affects the current-period result over the average remaining years in service of the beneficiary, provided that they exceed 10 % of the higher amount from the scope of liability and the fair value of the plan assets.

Expenditure of years in service to be set-off is immediately recorded which affects the current-period result to the extent that the benefits are already non-forfeitable and are otherwise allocated linear over the average period until the non-forfeitability of the changed benefits.

The current expenditure of years in service is shown under personnel costs and the interest share is shown under financial results.

The positive balance, which is determined in accordance with IAS 19.54, of the present value of the defined benefit liability on the balance sheet date and the fair value of plan assets on the balance sheet date, adjusted by expenditure of years in service to be set-off subsequently which were not recorded which affects the current-period result yet and actuarial profits and losses is shown in the balance sheet under the position "Accruals for old age pension schemes". Should the value of the plan assets exceed the corresponding pension obligations, the exceeding amount is shown under the position "Other current assets" considering the ceiling which is specified in IAS 19.58b.

The company pays contributions to public or private social security insurance authorities by virtue of statutory or contractual provisions, with regard to *defined contribution pension plans*. By payment of the contributions, the company has no other performance liabilities.

The accruing contribution payments are recorded as expense in the period when the payment becomes due.

Share-based payment

telegate AG grants members of the management board, members of the management bodies of affiliated companies as well as other employees of the telegate group share-based payments with compensation by equity instruments (stock options), which are shown in the balance sheet under "Share-based payment" in accordance with the provisions of IFRS 2 Share-based payment.

These share-based payments are valued with the fair value on the date of undertaking, which is determined by means of the modified Black-Scholes Options-Pricing-Model. The fair value of the stock options, which is determined on the date of undertaking, is recorded linear as expense in the profit and loss statement with the corresponding cross entry under equity (position "Additional paid-in capital") over the blocking period. The in-house estimation of the number of exercisable stock options to be expected forms the basis for this purpose. This estimation is reviewed and adjusted on a quarterly basis, if there is information that the number of exercisable stock options to be expected deviates from the previous estimation. Necessary adjusting entries are recorded to the full amount which affects the current-period result in the period of the change of estimation.

The dilution effect of the outstanding stock options is taken into consideration as additional diluting (see note 15), with regard to the calculation of the earnings per share.

Cash and cash equivalents

The telegate group considers all balances with financial institutions which are immediately available, cash and short-term deposits with a remaining life of 3 months or less – calculated from the date of acquisition – as cash or cash equivalents (IAS 7.6) in accordance with IAS 7 "Cash flow statements". Deposits of no more than 3 months are considered as cash equivalents, if the risk of fluctuations in value is irrelevant or a notice of withdrawal is possible at any time due to contractual provision.

Financial instruments

Financial assets and financial liabilities are considered in the balance sheet from the time, when the corresponding group companies become a contracting party of the financial instrument (IAS 39.14).

Financial assets are classified

- as financial assets valued which affects the current-period result with the fair value,
- as loans and receivables,
- as investments kept until the final due date or
- as financial assets available for realization,
- as derivatives designated as hedging tool and are effective as such.

Financial assets are valued with their fair value, with regard to the initial estimate.

In addition, transaction costs are included, which can be directly attributed to the financial asset with regard to financial investments without a valuation with the fair value which affects the current-period result. The group determines this classification of its financial assets with the initial estimate and reviews this assignment at the end of each fiscal year, provided that this is permissible and appropriate.

All purchases and sales of financial assets, which are usual in the market, are recorded in the balance sheet on the trading day, e. g. the day when the company entered into the purchase commitment. Purchases and sales which are usual in the market are purchases and sales of financial assets providing the delivery of the assets within a period determined by market provisions or conventions.

The book values of all financial instruments which are recorded in the consolidated financial statements correspond to their values to be assessed on the balance sheet date.

Trade accounts receivable are assigned to the financial assets in accordance with IAS 32 AG4 "Financial instruments: disclosure and presentation", which represent a right granted by contract to receive liquid assets at a future time. Trade accounts receivable are valued with the amortised costs applying the effective yield method deducting value adjustment for decreases in value. Profits and losses are recorded in the net earnings, if the accounts are written off or depreciated as well as within the scope of amortizations.

Securities are valued with accession with the value to be assessed including transaction costs, in accordance with IAS 39.43. Securities are either classified as belonging to the trading portfolio ("trading securities") or available for realization ("available-for-sale") and are valued with their fair value in the following periods. If securities are kept for trading purposes, the profits and losses are recorded in the net earnings which result from changes of the fair value. Profits and losses of changes of the fair value are directly recorded under equity, until the security is sold or a decrease in value was determined with regard to securities available for sale. The accumulated profits and losses which were previously recorded under equity are shown at this time in the profit and loss statement of the period.

Trade accounts payable are allocated to financial liabilities representing a liability granted by contract to dispose liquid assets at a future time, in accordance with IAS 32 AG4 "Financial instruments: disclosure and presentation". Trade accounts payable are estimated with their fair value.

Impairment of financial assets

The group determines on every balance sheet date if a decrease in value of a financial asset or a group of financial assets is existent.

Financial assets shown in the balance sheet with their amortised cost

In the event that there is an objective indication that a decrease in value of loans and receivables shown in the balance sheet with amortised costs occurred, the loss amount is calculated from the difference between the book value of the asset and the cash value of the future cash flow expected (excepting future loan losses expected which did not arise yet), discounted with the original effective interest rate of the financial asset (e. g. the effective interest rate determined at the initial estimate). The book value of the asset is reduced using an absorption account. The decrease in value loss is recorded which affects the current-period result.

Initially, it is determined if there is an objective indication to a decrease in value of financial assets which are of significance individually and financial assets which are not of significance individually or collectively. If the group determines that there is no objective indication to a decrease in value of a financial asset which was examined individually (whether of significance or not), the group assigns the asset to a group of financial assets with comparable default risk profiles and examines them for decreases in value collectively. Assets which were examined for decrease in value individually and with a value adjustment entry are not included in the fixed-amount decrease in value assessment on a portfolio basis.

The previously recorded value adjustment is cancelled if the amount of the value adjustment decreases during one of the following reporting periods and this decrease can be objectively attributed to facts which arose after the recording of the decrease in value. The increased valuation on previous balance sheet figures is limited to the net acquisition cost at the time of the increased valuation on previous balance sheet figures with regard to the amount. The increased valuation on previous balance sheet figures is recorded which affects the current-period result.

A decrease in value using an absorption account is made, if there are objective indications (e. g. probability of insolvency or considerable financial difficulties of the debtor) with regard to trade accounts that not all amounts due will be received in accordance with the payment conditions which were originally agreed. Amounts of decreases in value are written off, if they are classified as uncollectible.

Financial investments available for realization

If a financial investment available for realization is decreased in value, an amount recorded under equity in the difference between the acquisition cost (less any redemptions and amortizations) and the fair value less any value adjustments of this financial asset which may have been recorded which affects the current-period result at an earlier period, is transferred to the profit and loss statement. Increased valuations on previous balance sheet figures of equity instruments classified as available for realization are not recorded in the profit and loss statement.

Increased valuations on previous balance sheet figures of liability instruments classified as available for realization are recorded which affects the current-period result, if the increase of the fair value of the instrument objectively results from an event arising after the record of the decrease in value which affects the current-period result.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (and a part of this financial asset or a part of a group of similar financial assets respectively) is written off, when one of the three conditions below was fulfilled:

- The contractual rights to cash flows from a financial assets expired.
- The group retains the contractual rights to receive cash flows from financial assets, however, assumes a contractual obligation for payment of the cash flows to a third party without significant delays within the scope of an agreement, which complies with the conditions of IAS 39.19 (“pass-through arrangement”).
- The group transferred its contractual rights to cash flows from a financial asset and (a) basically transferred all risks and chances connected with the property in the financial asset or (b) basically neither transferred nor retained all risks and chances connected with the property in the financial asset but transferred the power of control over the asset.

The group continues to record the transferred asset according to the extent of the continuing engagement, if the group transfers its contractual rights to cash flows from an asset and basically neither transfers nor retains all risks and chances connected with the property in this asset and also retains the power of control over the asset transferred. If the continuing engagement guarantees the asset transferred according to its form, the extent of its continuing engagement is the lower value of the original book value of the asset and the maximum amount of the consideration received, which the group may has to repay.

If the continuing engagement is a written and/or acquired option (including an option executed by cash settlement or with a similar method) for the asset transferred according to its form, the extent of the continuing engagement of the group is the amount of the asset transferred, which the group may redeem. In the event of a written option to sell (including an option executed by cash settlement or with a similar method) for an asset which is valued with the fair value, the extent of the continuing engagement of the group, however, is limited to the lower amount of the fair value of the asset transferred and the exercise price of the option.

Financial liabilities

A financial liability is written off, if the obligation based on this liability is performed, terminated or expired.

Goodwill

The goodwill arising within the scope of consolidation represents the surplus of the acquisition cost of a company acquisition over the share of the group in the fair value of the identifiable assets, debts and contingent liabilities to be attributed of a subsidiary on the date of acquisition, in accordance with IFRS 3.51 to IFRS 3.55.

The goodwill is recorded as asset and is subject to a lower of cost or market examination settled by IAS 36 at least once a year. A decrease in value expense recorded for the goodwill shall not be brought forward in the following reporting periods.

Self-produced intangible assets

The estimate of intangible assets is made in accordance with the regulations of IAS 38 “Intangible assets”. A subsequent activation is only performed if all of the conditions below were fulfilled:

- the asset prepared is identifiable (e. g. software and new procedures),
- it is probable that the asset prepared renders future economic benefits and
- the development cost of the asset can be reliably determined.

In addition, development cost for websites are activated as intangible assets, when the requirements of SIC-32 (8) in connection with IAS 38.57 were additionally fulfilled.

Self-produced intangible assets are depreciated linear over their useful life.

Acquired intangible assets

Acquired intangible assets are activated as acquisition cost on accession, in accordance with IAS 38.24. They also include any other costs required to transfer the asset in the condition intended by the management in accordance with IAS 38.27 to IAS 38.30. Third party allocations reduce the acquisition cost in accordance with IAS 20.24 in connection with IAS 20.27. Depreciation of an intangible asset with a limited useful life is made linear over the average useful life according to plan, in accordance with IAS 38.97 and IAS 38.98. Period and method of depreciation for intangible assets with a limited useful life are reviewed and adjusted, if necessary, at the end of each fiscal year in accordance with IAS 38.104.

A review for recoverability is performed for the individual asset with regard to intangible assets with an indefinite useful life at least once a year in accordance with IAS 38.108. Depreciation according to plan is not made (IAS 38.107). The useful life of an intangible asset with an indefinite useful life is reviewed once a year with respect to the fact whether the assessment of an indefinite useful life is still justified. The change of the assessment is made on a prospective basis, if this is no longer the case.

Profits and losses of the write off of intangible assets are determined as difference between the net sales revenues and the book value of the assets and are recorded which affects the current-period result in the period when this item is written off.

Property, plant and equipment

Treatment of property, plant and equipment is regulated by IAS 16 “Property, plant and equipment”. Property, plant and equipment are estimated with their acquisition or production cost with regard to their initial estimate, in accordance with IAS 16.15. All costs which are directly attributable and arise for the transfer of the asset in the condition and surroundings intended by the management increase the acquisition cost, in accordance with IAS 16.16b. Fixed assets are valued by the company with net acquisition or production cost after their initial estimate, in accordance with IAS 16.30.

Depreciation is made by linear allocating the costs or valuation of assets, excepting equipment under construction, over their expected useful life. Any extraordinary depreciations are taken into consideration. Residual value and period of depreciation are reviewed and adjusted, if necessary, at the end of each fiscal year in accordance with IAS 16.51.

Third party allocations reduce the acquisition cost, in accordance with IAS 20.24 in connection with IAS 20.27. Maintenance costs are entered as expense. Borrowing costs are basically recorded which affects the current-period result in the period when they accrue, in accordance with IAS 23.10.

In addition, costs are activated which will be incurred due to the obligation entered into for the removal of fixtures by tenants, in accordance with IAS 16.16c. These obligations are entered on the liabilities side as accruals in the same amount at the same time, in accordance with IAS 37.48. Initial entry is made which not affects the operating result and the expense is allocated over the periods only by the arising depreciations of the asset item.

Impairment of non-financial assets

The group reviews the book values of its property, plant and equipment and intangible assets on every balance sheet date, in accordance with IAS 36 "Impairment of assets", in order to determine if there are clues to a demand for a decrease in value of these assets. If such clues are existent, the recoverable amount of the asset is assessed to determine the extent of the possible decrease in value expense. Assessment of the recoverable amount is made with the cash generating item to which the asset belongs, in accordance with IAS 36.22, if the recoverable amount for the individual asset cannot be assessed.

Decrease in value tests are performed each year with regard to intangible assets with an indefinite useful life. This also applies in the event of clues to a decrease in value. The recoverable amount is the higher amount of the fair value less sale costs and utility value. The estimated future payment flows are deducted by the current common input tax rate which reflects the specific risks of the assets not considered in the payment flows to the cash value. The book value of the asset (the cash generating item) is reduced to the recoverable amount, if the estimated recoverable amount of an asset (or a cash generating item) is below the book value. The decrease in value expense is immediately recorded which affects the current-period result, in accordance with IAS 36.60.

If the reason for a decrease in value performed at an earlier stage is no longer applicable, an appreciation in value on the net acquisition or production cost is made (IAS 36.114 in connection with IAS 36.117).

Government assistance

This assistance is not recorded until there is a sufficient security that the company fulfils the connected conditions and the company actually receives the assistance (IAS 20.7), in accordance with "Accounting for government grants and disclosure of government assistance". IAS 20 distinguishes between grants related to income and investment allowances. Grants related to income are described as performance-based assistance and are recorded which affects the current-period result in the period, when the corresponding expenses accrue. In accordance with IAS 20.26, investment allowances may both be allocated in the balance sheet as passive items of accrual and deferral and be appropriated over the useful life or they reduce the book value of the asset acquired, in accordance with IAS 20.27.

The company decided to treat government assistance for assets as reduction of the acquisition cost, in accordance with IAS 20.27.

Investment allowances were granted to telegate AG by the Ministry of Economic Affairs of Mecklenburg Western-Pomerania and the Ministry of Economic Affairs of Brandenburg as well as the Ministry of Economic Affairs and Energy of the State of North Rhine-Westphalia from means of the joint task "Improvement of the regional economic structure" in connection with means of the "European Regional Development Fund (ERDF)". The grants were granted for the establishment and expansion of call centers. The authorities hold the right to review the use of the payments received.

Provisions

Provisions are established provided that there is a current liability towards third parties from an event from the past which probably result in an outflow of resources in the future and whose amount can be assessed reliably in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets". Provisions which not result in an outflow of resources in the subsequent year are assessed with their amount of settlement discounted to the closing date. For this purpose, the amount of settlement most likely to arise is presumed for individual liabilities. Discounting is based on market interest rates. The amount of settlement also includes expected increases in costs. Provisions are not set-off against recourse accounts.

Provisions for reorganization expenses are recorded, when the group prepared a detailed and formal reorganization plan which was communicated to the parties concerned, in accordance with IAS 37.72.

Removal liabilities are entered on the liabilities side as provision, when the liability comes into existence and at the same time are entered on the assets side as fixtures by the tenant – as ancillary costs of acquisition – in accordance with IAS 37.48. The expense is allocated over the period of use with the arising depreciations of the asset item and accumulation of the provision.

Deferred current liabilities

These liabilities are defined in IAS 37.11 and represent debts for payment of goods or services received or delivered, which were neither paid nor invoiced by the supplier or formally agreed. They differ from trade accounts payable, because they were invoiced by the supplier or formally agreed. The company shows liabilities under this position which result from invoicing by the supplier not received yet as well as liabilities towards employees.

Leases

The determination whether an agreement includes a lease is made on the basis of the economic content of the agreement at the time of conclusion of the agreement, in accordance with IFRIC 4 and requires an assessment whether the performance of the contractual provision is dependent on the use of a particular asset or particular assets and whether the agreement grants a right of use for the asset. A new valuation shall be performed after the start of the lease, when one of the conditions described in IFRIC 4.10 was fulfilled.

Financing-leases, which basically transfer chances and risks connected with the property in the asset transferred to the group, result in the entering on the assets side of the leasing object with the fair value of the leasing object or with the cash value of the minimum leasing payment, provided that this value is lower, at the time of the conclusion of the lease. Leasing payments are allocated to financial expenses and the amortization portion of the residual debt in a manner that a constant interest on the remaining leasing debt is created over the period. Financial expenses are immediately recorded which affects the current-period result.

The leasing objects are fully depreciated over the shorter of the two periods of expected useful life and duration of the lease, if the passing of ownership to the group at the end of the duration of the lease is not sufficiently secure.

Leasing payments for operating-leases are recorded linear as expense in the profit and loss statement over the duration of the lease.

Taxes

Effective income taxes

Effective tax refund claims and tax liabilities of the current and previous periods are assessed with the amount of an expected refund by the tax authority and payment to the tax authority respectively. Tax rates and tax laws applicable on the particular tax assessment periods form the basis of calculation of the amount.

The effective tax expenditure is determined on the basis of the taxable income for one fiscal year. The taxable income differs from the annual net income from the profit and loss statement, because expenses and income are excluded which are deductible for tax purposes in another assessment period or never will be deductible for tax purposes or which are exempted from taxation respectively.

Deferred taxes

Deferred taxes concerns tax burden and tax relief respectively to be expected from differences between book values of assets and debts of the annual commercial and tax financial statements. IAS 12 uses the temporary-concept as a basis of the balance sheet estimate of deferred taxes. This balance sheet oriented concept considers the differences of assets and debts between the IFRS-financial statements and the fiscal determination of profits. These differences are described as temporary differences and are defined as differences between the book value of an asset or a debt in the balance sheet and its tax value, in accordance with IAS 12.5. In general, the company assesses deferred tax liabilities for all taxable temporary differences and for deferred tax claims to the extent that it is probable that taxable profits are available for which the deductible temporary differences may be used.

The balance sheet item obligation of deferred tax assets also includes deferred taxes on losses brought forward not yet used, in accordance with IAS 12.34. They were capitalized to the extent that it is probable that a taxable income is available in the future and the fiscal losses not yet used may be set off against this income.

The book value of deferred tax assets is reviewed with regard to its recoverability on every balance sheet date, in accordance with IAS 12.56.

Deferred taxes are assessed on the basis of the tax rates expected, which are applicable at the time of the pay of the debt or realization of the asset. In general, they are recorded affecting the net income, except for such positions which are directly entered in equity. Deferred taxes are assessed in accordance with the tax regulations of the countries where the group is active.

Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale are assessed with the lower value from the book value and the fair value less cost of sale, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". Scheduled depreciations are no longer performed (IAS 5.25). An unscheduled depreciation is performed, when the book value of these assets is higher than the fair value reduced by the cost of sale which still probably arise. The assessment of the recoverable sale proceeds is the basis for the fair value. Operative results and valuation adjustments described of assets for sale are shown within the earnings from operating activity.

Discontinued operations are shown separately as soon as a business outside the group, which describes a separate main line of business and geographic operational sector respectively or a subsidiary from a company acquisition for sale only (see IFRS 5.32) is for sale and the management started an official sale process. Discontinued operations are valued with market values less cost of sale which will still arise.

Earnings from the discontinued operations which are composed of current earnings and retirement earning are shown separately in the profit and loss statement, in accordance with IFRS 5.33a.

Earnings per share

The company calculates earnings per share in accordance with the provisions of IAS 33 "Earnings per share".

Basic earnings per share shall be determined by division of the net earnings due to the ordinary shareholders of the parent company (numerator) with the weighted average amount of ordinary shares in circulation within the reporting period (denominator), in accordance with IAS 33.10.

The net earnings due to the ordinary shareholders of the parent company as well as the weighted average amount of ordinary shares in circulation are validated by all watering effects of potential ordinary shares in accordance with IAS 33.31 (a conversion option is existent which was not exercised yet), for the calculation of the dilutive earnings.

The potential ordinary shares with watering effects at telegate result from stock options which are only included in the calculation, when the corresponding exercised conditions were fulfilled on the closing date of the financial statements.

Determination of the watering effect of the stock options is exclusively made, when the conversion of stock options in ordinary shares has no counteracting effects to the watering.

Delayed purchase price payments for subsidiaries sold (earn out)

Contracts for the sale of subsidiaries may include a variable part, which may result in delayed payments of purchase prices (earn out) in the future.

Claims for payment arising herefrom increase the purchase price, when the inflow of economic use is considered as secure. However, if the inflow of economic use is only probable, no asset is assessed and a consideration of the facts as contingent assets is made in the notes to the financial statements instead (IAS 37.34).

Contingent assets are valued on every balance sheet date. The asset and the corresponding income are recorded in the financial statements of the reporting period where the change occurs, if an inflow of economic use becomes almost secure (IAS 37.35).

Estimates and discretionary decisions

An assessment of the effects of indefinite future events is required for the determination of the book values of certain assets and debts. Therefore, the management makes discretionary decisions, estimates and presumptions for the preparation of the consolidated financial statements, which affect the presentation of the net worth position, the financial position and the profit position. The most important presumptions for the future as well as other main sources of estimate uncertainties existing at the closing of the balance sheet, which represent a considerable risk that a major adjustment of the book values of assets and debts becomes necessary within the next fiscal year, are explained below.

Asset cooperation agreement

A cooperation agreement was identified as intangible asset and shown in the balance sheet with its fair value in the amount of kEUR 7,414, with regard to the first consolidation of "Telegate Auskunftsdienste GmbH" within the scope of the purchase price allocation. Depreciation period was determined to 7 years due to the valuation of the management. The assessment of the probable future cash flows from this agreement and the discounting rate to be used for the determination of the cash value of these cash flows formed the basis for the determination of the depreciation period. The book value of this intangible asset amounted to kEUR 3,619 (2008: kEUR 4,678) by December 31, 2009.

Deferred taxes on fiscal losses brought forward

telegate also assesses deferred taxes on losses brought forward not yet used, in accordance with IAS 12.34. They shall be considered to the extent which is probable that a taxable income is available in the future and the fiscal losses brought forward not yet used can be set-off against this income. The management relies on the criteria described in IAS 12.36, with regard to the probability valuation. However, all valuations which are aimed to the future include the risk that an adjustment of the book values may have to be performed.

The gross value of the deferred tax assets on losses brought forward not yet used (before of valuation allowances) amounts to kEUR 6,001 (2008: kEUR 4,627), on which fall upon discontinued operations kEUR 0 (2008: kEUR 856).

Impairment of goodwill

The group reviews whether the goodwill is decreased in value at least once a year. This requires a valuation of the utility value of the cash generating items to which the goodwill is allocated. The executive management has to assess the probable cash flows from the cash generating items, with regard to the assessment of the utility value and in addition has to choose an appropriate discounting rate to determine the cash value of these cash flows. The book value of the goodwill amounted to kEUR 7,474 (2008: kEUR 9,887) by December 31, 2009. For this purpose see note 20.

Reserves within the scope of legal disputes

The company uses margins of discretion within the scope of creation of reserves for unsettled legal disputes. The assessment of main risks with regard to the unsettled legal disputes in connection with data costs, in particular, is among others supported by opinions of external experts.

Intangible assets

Intangible assets were identified and shown in the balance sheet with their fair value in the amount of kEUR 31,298, with regard to the first consolidation of "telegate Media AG" in 2008, within the scope of the purchase price allocation. Depreciation period was determined to 10 years due to the valuation of the management. The assessment of the probable future cash flows from these agreements and the discounting rate to be used for the determination of the cash value of these cash flows formed the basis for the determination of the depreciation period. The book values of these intangible assets amounted to kEUR 25,820 (2008: kEUR 28,950) by December 31, 2009.

Value adjustments on trade accounts receivable

telegate creates value adjustments on doubtful trade accounts receivable, in order to take expected losses into account which may be a consequence of a default of receipts of customer payments. Maturity profiles of the receivables, experiences with regard to the write off of receivables in the past and knowledge of the customer's credit standing form the basis for the evaluation of the reasonableness of these value adjustments. With regard to the development of these value adjustments, see note 17.

3. Changes of the accounting policies

The accounting policies basically correspond to the methods used in the previous year.

In addition, the group applied the following new International Financial Reporting Standards and Interpretations in the fiscal year 2009. There were no effects on the net worth position, the financial position and the profit position due to the application. However, they resulted in additional disclosures.

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

IAS 1 Presentation of financial statements

The revised standard requires separate presentations for equity changes, which arise from transactions with the shareholders in their capacity as equity investors and other equity changes. The total result for the period is presented to the effect that all income and expense items recorded in the profit and loss statement as well as all success components not affecting net income, which are recorded under equity, are either shown in one or two connected statements.

The revised IAS 1 was published in September 2007 and shall be applied for the first time for fiscal years starting on or after January 01, 2009. There were no effects on the net worth position, the financial position and the profit position of the group due to the application.

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, determines 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 applied for the first time for fiscal years starting on or after January 01, 2009. There were no effects on the net worth position, the financial position and the profit position of the group due to the application.

IFRS 7 Financial instruments: Disclosures

The amended standard provides additional disclosures about the determination of the fair value and the liquidity risk. The amendment requires a quantitative analysis of the determination of fair values on the basis of a hierarchy of three stages for every category of financial instruments. In addition, a bridge between the opening and closing balance is now provided with regard to valuations with the fair values of stage 3, as well as the disclosure of main reclassifications between the stages 1 and 2. of the hierarchy of determination. The requirements for disclosures of liquidity risks with regard to business transactions relating to derivatives and assets used for the purpose of liquidity management are clarified with the amendment.

The amendment of IFRS was published in March 2009. Companies have to apply the amendments for annual periods starting on or after January 01, 2009, whereas an earlier application is permissible. However, a company does not have to supply comparative disclosures in the first year of application.

There were no effects on the net worth position, the financial position and the profit position of the group due to the initial application, because the standard concerns the disclosure requirement. This only resulted in modified additional disclosure.

IFRS 8 Operating segments

Companies shall state the segment information on the basis of the information available to the highest decision-taking bodies for the operative business with regard to decisions on the allocation of resources for this segment and the valuation of its profitability, in accordance with IFRS 8 “Operating segments”.

IFRS 8 was published in November 2006 and shall be applied for the first time for fiscal years starting on or after January 01, 2009. IFRS 8 replaces IAS 14 "Segment reporting" as of its effective date.

The operating segments presented in the annual reports of the telegate group until the end of the previous fiscal year, which were primarily effected by their geographic region, are changed as of the fiscal year 2009 to the effect that an additional segmentation according to the business model is now made within the segment Germany/Austria: Directory assistance solution and Media. The enormous growth of the business sector Media and its increasing importance in the telegate group is the reason for this division, in particular.

Segment reporting of the group is basically based on the International Financial Reporting Standards. Thus, there are no differences to the accounting policies according to IFRS, which are applied in the consolidated financial statements.

There were no effects on the net worth position, the financial position and the profit position of the group due to the initial application, because the standard concerns the disclosure requirement. This only resulted in modified additional disclosure.

IAS 23 Borrowing costs

The most important amendment 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 applied for the first time for fiscal years starting on or after January 01, 2009. There were no effects on the net worth position, the financial position and the profit position of the group due to the initial application, because these facts do not currently concern telegate.

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 allows 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 applied for the first time for fiscal years starting on or after January 01, 2009. There were no effects on the net worth position, the financial position and the profit position of the group due to the application.

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

Amendments of IAS 39 and IFRS 7, which allow reclassifications of some financial instruments.
Additional disclosures are now required in the event of a reclassification, e. g. the reclassified amount for each category and every reporting period until the write off of the book values and fair values of all financial assets to be assessed, which were reclassified in the current or in previous periods.

The updated amendments of IAS 39 and IFRS 7 were issued in November 2008 and shall be applied for reclassifications of financial instruments on or after November 01, 2008. There were no effects on the net worth position, the financial position and the profit position of the group due to the application.

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

The amendment requires an evaluation from a company whether an embedded derivative shall be separated from the basic agreement, if a company reclassifies a hybrid financial asset from the category of the financial instruments to be measured which affects the current-period result with the fair value. This evaluation shall be made on the basis of the circumstances, which applied on the latter of both of the following dates: the date when the company became a contracting party or the date of the amendments of the terms of the agreement, which resulted in a significant change of the payment flows. IAS 39 now says that the entire structured instrument shall remain classified which affects the current-period result with the fair value, whenever the fair value of an embedded derivative cannot be determined reliably.

The amendment of IFRIC 9 was published in March 2009 and shall be applied retrospectively to reporting periods ending on or after June 30, 2009. There were no effects on the net worth position, the financial position and the profit position of the group due to the application, because these facts currently do not concern telegate.

IFRIC 13 Customer loyalty programmes

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 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 applied for the first time for fiscal years starting on or after July 01, 2008. There were no effects on the net worth position, the financial position and the profit position of the group due to the application, because these facts currently do not concern telegate.

IFRIC 15 Agreement for the construction of real estate

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

The interpretation IFRIC 15 was published in July 2008 and shall be applied for the first time for fiscal years starting on or after January 01, 2009. It shall be applied with retroactive effect. There were no effects on the net worth position, the financial position and the profit position of the group due to the application, because these facts currently do not concern telegate.

IFRIC 16 Hedges of a net investment in a foreign operation

The interpretation regulates individual matters resulting in connection with the entry of hedges 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 applied for the first time for fiscal years starting on or after October 01, 2008. There were no effects on the net worth position, the financial position and the profit position of the group due to the application, because these facts currently do not concern telegate.

Improvements in IFRS 2008

The Board published a collection for the amendment of various standards for the first time in May 2008 with the primary objective to remove inconsistencies and clarify formulations. Every standard has its own transitional regulations. There were no effects on the net worth position, the financial position and the profit position of the group, except stated otherwise.

IAS 1 Presentation of financial statements
In accordance with IAS 39 Financial instruments: recognition and measurement, assets and debts classified as "held for trading purposes" are not automatically classified in the balance sheet as short-term.

IAS 16 Property plant and equipment
The term "Net sale price" was replaced by the expression "Fair value less sale costs".

IAS 23 Borrowing costs
The definition borrowing costs was revised to the effect that the guidelines of IAS 39 for the effective interest rate are assumed.

IAS 28 Investments in associates
If an associate is shown in the balance sheet with the fair value in accordance with IAS 39, only the requirements of IAS 28 shall apply, whereupon type and scope of considerable limitations shall be disclosed with regard to the ability of the associate, to transfer to the company funds in the form of cash or redemptions of loans.

An investment in associates represents a separate asset for the purposes of the performance of an impairment test. Therefore, impairments are not separately attributed to the goodwill included in the interest estimate.

IAS 31 Interests in joint ventures
If a joint venture is shown in the balance sheet with the fair value, in accordance with IAS 39, only the requirements of IAS 31 shall apply, whereupon the liabilities of the partner company and the joint venture as well as a summary of the financial information on the assets, debts, income and expenses shall be stated.

IAS 36 Impairment of assets
Provided that the "Fair value less sale costs" is determined on the basis of a discounted-cash flow-model, additional disclosures about the discounting rate are necessary, in accordance with the compulsory disclosures, if a discounted-cash flow-model is used for the determination of the "utility value".

IAS 38 Intangible assets
Expenses for advertising campaigns and measures of sales promotion are recorded as expense, when the group received the right of access to the goods or services.

The indication that satisfactory evidence for the justification of another method of depreciation than the linear method of depreciation for intangible assets is rarely present, if at all, was deleted.

IFRS 7 Financial instruments: disclosures
Deletion of the reference "Total income from interest" as component of the financing expenses.

IAS 8 Accounting policies, changes in accounting estimates and errors
It is clarified, that only application guidelines shall be compulsory observed, which represent an integral part of the IFRS for the selection of accounting policies.

IAS 10 Events after the balance sheet date
It is clarified, that dividends resolved after the end of the reporting period do not constitute any liabilities.

IAS 16 Property, plant and equipment
Property plant and equipment held for lease, which are usually sold after the lease within the scope of ordinary operations, are transferred to the inventory, when they are held for sale after the end of the lease.

IAS 18 Revenue
The term "direct cost" is replaced by "transaction cost" within the meaning of IAS 39.

IAS 19 Employee benefits
Revision of the definitions of "expenditure on years in service to be set-off subsequently", "revenue from plan assets" and employee benefits "due at short notice" and "other benefits due on a long-term basis". Changes of the plan resulting in a reduction of the benefits to be rendered for work performed in future periods are shown in the balance sheet as plan reduction. Indication to the recording of contingent liabilities was deleted to ensure conformity with IAS 38.

IAS 20 Accounting for government grants and disclosure of government assistance
Loans granted interest-free or yielding low interest in the future are not exempted from the requirement to calculate the interest rate advantage. The difference between the amount received and the amount discounted is shown in the balance sheet as government assistance. In addition, some formulations were revised in order to ensure consistency with other IFRS standards.

IAS 27 Consolidated and separate financial statements
If a parent company shows a subsidiary in its individual financial statements with the fair value, in accordance with IAS 39, this treatment is maintained when the subsidiary is subsequently classified as held for sale.

IAS 29 Financial reporting in hyperinflationary economies
Revision of the indication to the exemption to the measurement of assets and debts with historic purchase cost to the extent that only property, plant and equipment is stated as example instead of creating the impression that the list makes a claim for completeness. In addition, some formulations were revised in order to ensure consistency with other IFRS standards.

IAS 34 Interim financial reporting
If a company is covered by the scope of application of IAS 33, earnings per share are stated in the interim report.

IAS 39 Financial instruments: recognition and measurement
Derivatives may be designated or removed from this category as "measured which affects the current-period result with the fair value" after the initial recording due to changed circumstances, because this does not concern a redesignation within the meaning of IAS 39. The indication to a "segment" was deleted in IAS 39 with regard to the determination, whether an instrument fulfils the criteria of a hedging tool. The use of the recalculated effective interest rate is prescribed when a debt instrument is newly measured after the end of its entry in the balance sheet for the hedging relation for the hedging of the fair value.

IAS 40 Investment property
Revision of the scope of application to the extent that real estate, which are prepared or developed for the future use as financial investment, are classified as "real estate held as financial investment". If the fair value cannot be determined reliably, the real estate under construction is measured with production costs until the fair value can be determined or construction is completed. The conditions for a voluntary change of the accounting policies now comply with IAS 8. It is clarified, that the book value of leased real estate held as financial investment corresponds to the fair value plus any liabilities recorded.

IAS 41 Agriculture
Deletion of the indication to the use of a discounting rate before taxes for the determination of the fair value. Deletion of the prohibition, to take the cash flows into account for the estimate of the fair value, which result from additional transformations. In addition, the term "cost of sales" was replaced by "sale costs".

Future changes of the accounting policies

There was the possibility in part of an early application with regard to following new and revised Internal Financial Reporting Standards as well as interpretations. This option, however, was not exercised by December 31, 2009.

telegate currently examines the effects from the application on the consolidated financial statements and basically does not expect any effect on the net worth position, the financial position and the profit position. However, this will result in additional disclosures.

IFRS 2 Share-based payment

The amendments clarify, how an individual subsidiary shall show certain share-based payment agreements in the balance sheet its own financial statement. The subsidiary receives goods or services from employees or suppliers within the scope of these agreements, the parent company or another group company, however, has to pay for these employees or suppliers.

A company receiving goods or services within the scope of a share-based payment agreement, has to show these goods or services on the balance sheet, regardless which company fulfils the corresponding liability in the group and regardless of whether the liability is fulfilled in shares or cash.

It is clarified, that "group" has the same meaning in IFRS 2 than in IAS 27 Consolidated and separate financial statements, e. g. it includes only a parent company and its subsidiaries. Guidelines are also included in the standard with the amendments of IFRS 2, which were formerly included in IFRIC 8 Scope of application of IFRS 2 and IFRIC 11 IFRS2: Group and treasury share transactions. Therefore, the IASB withdrew IFRIC 8 and IFRIC 11.

The amendments of IFRS 2 were published in June 2009. Reporting periods which start on or after January 01, 2010 are the effective date of the amendments. They shall be applied retrospectively. An earlier application is permissible. The group does not expect any effects on the net worth position, the financial position and the profit position, because these facts do not currently concern telegate. An assumption to European law is still to be made.

IFRS 3R Business combinations and IAS 27R Consolidated and separate financial statements

The main amendments and supplements compared with the previous version of IFRS 3 and IAS 27 can be described as follows:

The standard introduces changes of the treatment of business combinations on the balance sheet after this period, which have effects on the estimate amount of the goodwill, earnings in the reporting period when a business combination takes places and future events. IAS 27 prescribes that a change of the participation amount in a subsidiary (without loss of control) is recorded on the balance sheet as equity transaction. Therefore, neither goodwill nor a profit or loss arises from this transaction. In addition, provisions regarding the allocation of losses to parent companies and shares without controlling influence and the balance sheet regulations regarding transactions resulting in a loss of control are amended. Subsequent amendments arose for IAS 7 Cash flow statements, IAS 12 Income taxes, IAS 21 The effects of changes in foreign exchange rates, IAS 28 Investments in associates and IAS 31 Interests in joint ventures.

The amendments effect future acquisitions, losses of control and transactions with minority shares, in accordance with IFRS 3R and IAS 27R.

The revised standards were published in January 2008 and shall be applied for the first time for fiscal years starting on or after July 01, 2009. An early application is permissible. However, the group currently does not have the intention to make use of this possibility.

IFRS 9 Financial instruments

The International Accounting Standards Board (IASB) published a new International Financial Reporting Standard (IFRS) for classification and measuring of financial instruments. The publication represents the completion of the first part of a project of three stages to replace IAS 39 Financial instruments: recognition and measurement by a new standard. IFRS 9 introduces new provisions for the classification and measurement of financial assets. The IASB intends to expand IFRS 9 in 2010, to include new provisions for the classification and measurement of financial debts, the write off of financial instruments, impairment and hedging accounting. IFRS 9 is supposed to be available to replace IAS 39 completely by the end of 2010.

IFRS 9 was published in November 2009. The provisions shall be applied as of January 01, 2013. An earlier application is permissible.

The group currently examines the consequences from the application for the net worth position, the financial position and the profit position. An assumption to European law is still to be made.

IAS 24 Related party disclosures

Companies, government-controlled or significantly influenced, were obliged so far to disclose information on all operations with companies, controlled or significantly influenced by the same government. The content of the amendment of IAS 24 is now a simplification of the disclosure requirement of related parties. In fact, those disclosures are still required which are of importance for the user of the financial statements, however, related parties are granted a partial exemption for the disclosure of operations. If the information can only be provided with a high expenditure or are not very informative for the user, these disclosures are exempted from the disclosure requirement, in accordance with the amended IAS 24. Furthermore, the definition of a related party was clarified with the amendment of IAS 24.

The amended standard was published in November 2009 and is effective for reporting periods starting on or after January 01, 2011. An earlier application is permissible. An assumption to European law is still to be made.

IAS 32 Financial instruments: presentation

The amendments concern the accounting of the issuer of subscription rights, options and warrants for the purchase of a fixed number of equity instruments denominated in another currency than the functional currency of the issuer. These cases were accounted as derivative liabilities so far. According to the revision, these subscription rights issued with a fixed currency amount to the existing shareholders of a company on a pro rata basis have to be classified. The currency of the exercise price is insignificant in this connection.

The amendments of IAS 32 were published in October 2009 and shall be compulsory applied on first fiscal year starting after January 31, 2010. An earlier application is permissible. The group currently examines the consequences from the application for the net worth position, the financial position and the profit position.

IAS 39 Financial instruments: recognition and measurement

The amendment substantiates how the principles included in IAS 39 for the illustration of hedging relations have to be applied for the designation of a unilateral risk of a underlying transaction as well as for the designation of inflation risks as bottom line. It is clarified, that it is permissible to designate only a part of the changes of the fair value or the cash flow fluctuations of a financial instrument as underlying transaction.

The amendment of IAS 39 was published in July 2008 and shall be applied for the first time for fiscal years starting on or after July 01, 2009. An earlier application is permissible and shall be applied retrospectively. The group does not expect any effects on the net worth position, the financial position or the profit position, because these facts currently do not concern telegate.

IFRIC 14 IAS 19 The limit of a defined benefit asset, minimum funding requirements and their interaction

The International Accounting Standards Board (IASB) published a minor amendment of its provisions regarding the accounting of pension schemes. The amendment applies for the interpretation IFRIC 14, which describes a interpretation of IAS 19 Employee benefits. The amendment shall apply under the limited circumstances, where a company is subject to minimum funding provisions and makes an advance payment of the amounts, which meet this requirement. It is now permitted after the amendment, that a company shows the use of such an advance payment as asset.

The amendment advance payments within the scope of minimum funding provisions was published in November 2009 and becomes compulsory effective as of January 01, 2011. An early application as of the financial statements by the end of 2009 is permissible. The amendment shall be applied retrospectively from the beginn of the comparative period which is shown at the earliest. The group currently examines the consequences from the application for the net worth position, the financial position and the profit position. An assumption to European law is still to be made.

IFRIC 17 Distribution of non-cash assets to owners

Application notes for accounting of property, plant and equipment are the object of this interpretation, because differences had to be observed in practice of the balance sheet illustration. IFRIC 17 makes comments both on the date of recording of a distribution liability and how these and the corresponding assets to be delivered to the shareholders shall be measured and at which date the assets and the distribution liabilities have to be written off. The distribution liability shall be entered on the liabilities side with the resolution of the shareholders at the latest. The amount of liability is determined by the fair value of the assets, which are the basis for the distribution. The distribution liability shall be remeasured with the fair value on every balance sheet date and directly before the distribution and measurement adjustments have to be entered directly via equity. The difference between the book value of the assets to be attributed and the fair value shall be recorded which affects the current-period result when performing the distribution.

IFRIC 17 was published in November 2008 and shall be applied for the first time for fiscal years starting on or after July 01, 2009. An earlier application is permissible, however, only if IFRS 3R and IAS 27R are also applied. The company does not expect any effects on the net worth position, the financial position and the profit position, because these facts currently do not concern telegate.

IFRIC 18 Transfers of assets from customers

The interpretation is relevant in the utility sector, in particular. The IFRS-regulations for agreements, where a company receives from a customer an item of tangible assets, which has to be either used by the company to connect the customer to a network or to allow the customer the lasting access to the supply with goods or services (e. g. supply with electricity, gas or water) by the interpretation The company receives cash from the customer in some events, which shall be exclusively used to purchase or produce the item of tangible assets to connect the customer to a network or to allow the customer the lasting access to the supply with goods or services (or both).

IFRIC 18 was published in January 2009 and basically becomes effective for the transfers of assets from customers made on or after July 01, 2009. This shall be applied prospectively. The group does not expect any effects on the net worth position, the financial position and the profit position, because these facts currently do not apply to telegate.

IFRIC 19 Extinguishing financial liabilities with equity instruments

The interpretation explains the requirements of the International Financial Reporting Standards (IFRS), when a company extinguishes a financial liability partly or completely by share issue or other equity instruments. The interpretation clarifies, that equity instrument delivered to a creditor for extinguishing of a financial liability, are a component of the "remuneration paid" within the meaning of IAS 39.41 and the corresponding equity instruments basically have to be measured with the fair value. If this value cannot be determined reliably, the equity instruments shall be measured with the fair value of the extinguished liability. The difference between the book value of the financial liability to be written off and the initial valuation of the equity instruments delivered shall be recorded in the profit and loss statement.

IFRIC 19 was published in November 2009 and shall be compulsory applied for periods starting on or after July 01, 2010. An early application is permissible.

The group currently examines the consequences of the application for the net worth position, the financial position and the profit position, because these facts currently do not apply to telegate.
An assumption to European law is still to be made.

Annual revision procedure 2007 – 2009

The IASB published amendments of the IFRS as part of its programme of annual improvements of its standards – a collection of amendments of 12 International Financial Reporting Standards. The IASB uses the annual improvement project to provide the IFRS with amendments, which are necessary but not time-critical, which are not a part of another larger project.

Amendments basically apply to fiscal years starting on or after January 01, 2010. Diverging regulations are separately marked in the following presentation. An early application is permissible. All amendments in connection with IFRS 3R are an exemption. They shall be applied to fiscal years starting on or after July 01, 2009. If IFRS 3R is applied early, the amendment connected therewith shall also be applied early correspondingly.

telegate currently examines the consequences of the application for the consolidated financial statements and basically expects, unless stated otherwise, no effects on the net worth position, the financial position and the profit position. An assumption to European law is still to be made.

The contents of the amendments and their effects are presented in the following survey.

IFRS 2 Share-based payment

“Scope of application of IFRS 2 and IFRS 3R”
Clarification, that the contribution of a business operation when founding a joint venture is not covered by the scope of application of IFRS 3R Business combinations (retrospective application).

Only minor effects, because this concerns the correction of an undesirable amendment of the scope of application by the revisions of IFRS 3.

IFRS 5 Non-current assets held for sale and discontinued operations

“Disclosures about long-term assets (or retirement groups) held for sale or classified as discontinued operation”.
Clarification that only the disclosure requirements of IFRS 5 shall apply for long-term assets or disposal groups, which are held for sale or are classified as discontinued operations, in accordance with IFRS 5. Disclosure requirements of other standards shall only be observed, if this is expressly required by a standard for assets (disposal groups) shown in accordance with IFRS 5. It is clarified at the same time that the basic requirements of IAS 1 shall also apply for assets shown in accordance with IFRS 5. This shall apply for IAS 1.15 (fair presentation) and IAS 1.125 (sources of estimation uncertainties), in particular, (prospective application).

It shall be analyzed, which basic requirements of IAS 1 are still applicable.

IFRS 8 Operating segments

“Disclosure of information on the segment assets”.
Segment assets and segment debts shall only be presented, if these assets and debts are included in the control variable presented to the major decision-taker (retrospective application).

IAS 1 Presentation of financial statements

"Classification of convertible bonds as short-term or long-term".
If the conditions of a debt provide that the other party to the agreement has the option to request a fulfilment by distribution of equity instruments at any time, this does not affect the classification of the debt as short-term or long-term (retrospective application).

Companies, which have shown the debt component of a convertible bond as short-term so far, because there is the option of the holder to request fulfilment by equity instruments, now have to reclassify these debts as long-term, which may affect the calculation of agreements.

IAS 7 Cash flow statements

"Classification of investments in assets not shown in the balance sheet".
Only expenses resulting in an estimate of an asset may be presented as cash flow from investment activity (retrospective application).

IAS 17 Leases

"Classification of leases by means of land and buildings".
The special regulations for the classification of real estate as object of the lease are removed by the amendment, so that only the general provisions remain (retrospective application).

IAS 18 Revenue

"Determination whether a company acts as dealer (principal) or agent".
The application guidelines of IAS 18 were supplemented, in order to support users to determine whether a company acts as dealer or agent. A company acts as dealer if:

- the responsibility lies with the company for the provision of goods and services;
- the company bears the stock risk;
- pricing is incumbent on the company;
- the company bears the credit risk.

(No transitional provisions, because amendment of the enclosure to IAS 18).

The group does not expect any effects on the net worth position, the financial position and the profit position

IAS 36 Impairment of assets

"Accounting unit for an impairment test of the goodwill".
Clarification, that the biggest unit possible for an allocation to the goodwill is a business segment within the meaning of IFRS 8, before a summary is prepared for reporting purposes (prospective application).

IAS 38 Intangible assets

"Subsequent amendments from the IFRS 3, as amended".
If an intangible asset can only be identified together with another intangible asset within the scope of a business combination, these assets may recorded as one asset if they have the same useful life (prospective application).

"Measurement of the fair value of an intangible asset acquired within the scope of a business combination".
The amendment concerns the determination of the fair value of intangible assets acquired within the scope of a business combination and which are not dealable on an active market. It clarifies, that the measurement methods presented in the standard for the determination of this fair value are only examples and are not concluding. Other methods are permissible (prospective application).

IAS 39 Financial instruments: recognition and measurement

"Evaluation of prepayment penalties as embedded derivatives".
The amendment clarifies, that a prepayment option is considered as closely connected with the basic agreement, if the exercise price of the prepayment option reimburses the lender the rough cash value of the interest disadvantage for the remaining duration of the basic agreement (retrospective application).

"Exemption of agreements on business combinations from the scope of application of IAS 39".
The exemption of agreements on business combinations at a future date from the scope of application of IAS 39 only refers to binding forward agreements and not to derivative agreements, which still require further steps of the parties (prospective application).

"Cash flow hedge accounting"
Clarification, that profits or losses from cash flow hedges for a future transaction, which subsequently results in the estimate of a financial instrument or from cash flow hedges for estimated financial instruments shall be reclassified in the period, when the hedged future cash flows affect the earnings (prospective application).

IFRIC 9 Reassessment of embedded derivatives

"Scope of application of IFRIC 9 and IFRS 3, as amended".
The scope of application of IFRIC 9 was adjusted. The adjustment is for the clarification, that the interpretation shall not applied for a potential reassessment of embedded derivatives in agreements on the acquisition date, which were acquired within the scope of a business combination between companies, business units under common control or the foundation of a joint venture (prospective application).

IFRIC 16 Hedges of a net investment in a foreign operation

"Amendment regarding the restriction which company is allowed to hold the hedging tool".
The amendment clarifies, that a hedging tool may also be held by the foreign operation with regard to the hedging of a net investment in a foreign operation, as long as the requirements for IAS 39 with regard to designation, documentation and effectivity of the hedging relation are met (effective date in accordance with IFRIC 16 for fiscal years starting on or after October 01, 2008).

4. Changes in consolidated companies

Purchase of minority interests
telegate AG could increase its share in telegate Media AG by acquisitions of voting shares from 96.973 % to 100 % in the first quarter 2009. The purchase cost amounted to kEUR 952 here. The difference between the purchase cost and the book value of the additionally acquired shares in the amount of kEUR 223 was recorded which not affect the current-period result under additional paid in capital.

The fiscal year 2009 resulted in following changes in consolidated companies:
New foundation
telegate AG launched a subsidiary in Armenia as of April 14, 2009 which was included in the consolidated financial statements as of April 2009. The name of the company is telegate LLC.

Sale of a company
118000 SAS (formerly: telegate 118000 SARL) was sold as of November 02, 2009. For this purpose, see also note 13 "Discontinued operation".

Dissolution of a company
The deconsolidation of mobilSafe AG i.A. was performed by November 30, 2009. For this purpose, see also note 1 "Presentation of the consolidated financial statements" and there "Consolidated companies".

The fiscal year 2008 resulted in following changes in consolidated companies:
telegate Media AG (formerly: klickTel AG)
telegate AG acquired 14.12 % of the voting shares of telegate Media AG in the first quarter 2008. In addition, the company acquired 78.68 % of the voting shares on April 01, 2008 and thus increased its share to 92.8 %. telegate AG obtained control of telegate Media AG on this date. This company was then included in the consolidated companies by first consolidation, in accordance with IFRS 3 "Business combinations".

telegate Media AG with domicil in Essen (Germany) is one of the leading providers of cross-media telephone books and yellow pages.

The fair values of the identifiable assets and debts of the company acquired on the date of acquisition and the corresponding book values directly before the date of acquisition are as follows:

in kEUR	Fair value on the date of acquisition	Previous book value
Cash and cash equivalents	654	654
Trade accounts receivable	5,800	5,800
Prepaid expenses and other current assets	249	249
Current assets	**6,703**	**6,703**
Intangible assets	32,504	1,206
Plant, property and equipment	1,263	1,263
Deferred tax asset	305	305
Non-current assets	**34,072**	**2,774**
Total assets	**40,775**	**9,477**
Trade accounts payable	388	388
Accrued liabilities	1,425	1,425
Current provisions	1,296	1,296
Other current liabilities	1,325	1,325
Current liabilities	**4,434**	**4,434**
Non-current provisions	225	225
Defined benefit liability	37	37
Deferred tax liability	10,114	13
Non-current liabilities	**10,376**	**275**
Total current liabilities	**14,810**	**4,709**
Minority interests	1,889	
Net assets	**24,076**	**4,768**
Goodwill from the company acquisition	6,838	
Acquisition cost of the company acquisition	**30,914**	

Cash outlow company acquisition at the date of the first consolidation in kEUR	
Purchase of a subsidiary, cash acquired	654
Cash outflow	-28,837
Net cash outflow	**-28,183**

The difference of the net outflow in the amount of kEUR 28,183 and the acquisition cost in the amount of kEUR 30,914 was primarily based on a liability towards an share seller, which did not become due for payment yet as of December 31, 2008.

The acquisition cost amounted to kEUR 30,914 as of April 01, 2008 and included all costs directly attributable to the combination. The ancillary costs of acquisition included in this amount amounted to kEUR 377 and mainly referred to the legal costs and consulting expenses directly incurred by the acquisition.

telegate Media AG contributed to group earnings with an annual deficit in the amount of kEUR 2,529 in the fiscal year 2008. Group earnings would amount to kEUR 23,436 and sales revenues to kEUR 184,459 in the event of a business combination as of January 01, 2008.

All other identifiable assets and debts were completely assessed in the balance sheet with their corresponding fair value in the purchase price allocation prepared on the fixed day of the acquisition.

Goodwill in the amount of kEUR 6,838 remained as residual value and includes future income from the cost, know-how and sales sector. Derived thereof, this concerns a so-called synergy-goodwill.

telegate AG increased its share to 96.973 % until the balance sheet date December 31, 2008 due to fresh buying's of voting shares after the first consolidation date. Acquisition costs amounted to kEUR 1,317 in this connection. The difference between the acquisition costs and the book value of the additionally acquired shares in the amount of kEUR 241 was recorded not affecting operating result in the additional paid in capital.

Explanations to the profit and loss statement of the group

The group's profit and loss statement is mainly presented in accordance with the classic cost-of-sales accounting format. See note 42 with regard to the transition of the expanded presentation to the classic cost-of-sales accounting format.

In accordance with IFRS 5.34, the items of the group's profit and loss statements for the fiscal year 2008 were adjusted due to the sale of the French subsidiary 118000 SAS (formerly: telegate 118000 SARL). For this purpose, see also note 13 "Discontinued operation".

5. Sales revenues

telegate AG and the subsidiaries included in the consolidated financial statements render phone directory assistance services for private customers and business customers at home and abroad. These services are also rendered for other telephone companies in Germany and Europe on the basis of outsourcing agreements.

In addition, telegate sells marketing advertisements to businessmen in Germany, in particular. Companies can inform their customers detailed, individually and promptly about their business activities, services and contact information on a regional and nationwide level by virtue of these marketing advertisements.

The product range PC-software includes digital phone directories and yellow pages as well as route planer on CD-ROM and DVD. The software-solutions are ideal for private use as well as for small-sized businesses.

Sales revenues of the group amounted to 153,889 kEUR (2008: 164,113 kEUR) in the fiscal year 2009.

6. Cost of production for performances rendered for realization of sales revenues

Cost of production for performances rendered for realization of sales revenues are presented in the table below and comprise in detail (depreciation and amortization are not classified as cost of production):

in kEUR	2009	2008
Personnel costs of the operators and team leaders	45,819	42,909
Leasing, space and maintenance costs	5,058	4,942
Other variable and fixed costs	4,583	4,132
Outside services	4,632	9,176
Variable and fixed line fees	3,726	4,888
Collection and billing costs	2,003	2,436
Variable and fixed data costs	1,374	1,787
Total	**67,195**	**70,270**

The Italian subsidiary increasingly used cheaper services of foreign companies, which significantly reduced the expenses for outside services compared with the previous year.

7. Advertising costs

The amount of kEUR 12,662 (2008: kEUR 16,898) shown under this position mainly refers to television, print, billboard and radio campaigns, external consulting advertising agencies and promotion events. Basically, advertising and marketing costs are entered as expense in the period, when they accrue. The expenses are accrued on an accrual basis and are shown in the period, when the company received the right of access to the goods or services, with regard to the settlement of production costs for making commercials, which is normally made by means of advance payments. The advertising costs were reduced compared with the previous year by a change in strategy linked with a campaign optimization.

8. Personnel costs

The following survey shows the personnel costs for the fiscal years 2009 and 2008.

in kEUR	2009	2008
Wages and salaries	57,006	55,031
Social security contributions	10,888	9,654
Expense for share-based payment	227	282
Old age pension schemes	179	10
Other	3,046	2,303
Total	**71,346**	**67,280**
Amount thereof shown in the production costs	45,819	42,909
Amount thereof shown in personnel costs (administration and marketing only)	25,527	24,371

9. Other administrative expenses

Other administrative expenses are primarily composed of following positions:

in kEUR	2009	2008
Legal costs and consulting expenses	4,526	6,153
Losses on receivables	4,052	2,588
Travel expenses	2,230	1,904
Leasing and space costs	2,129	2,364
Communications costs	629	682
Insurances, contributions and fees	367	557
Other	2,513	2,281
Total	**16,446**	**16,529**

The reduction of the legal costs and consulting expenses in the fiscal year 2009 is based on the fact that in the previous year high expenses accrued in connection with the introduction of a new billing strategy (sector technology), the implementation of a customer relationship management tools (marketing) and in addition, costs within the scope of the integration of telegate Media.

The increase of expenses for losses of receivables exclusively relating to trade accounts receivable is primarily based on the conversion of the value adjustment process during the fiscal year 2009, in order to meet the current conditions of the market economy.

Leasing revenue for subleased areas were generated in the amount of kEUR 23 (2008: kEUR 137) in the fiscal year 2009, which reduced the leasing and space costs.

10. Other operating income/expense

in kEUR	2009	2008
Other operating income	2,375	6,520
Other operating expense	-79	-76
Other operating income/expense	**2,296**	**6,444**

The item “Other operating income” primarily reflects following facts:

Settlement payments

A settlement payment from a supplier was collected which affects current-period result to avert an action for damage by telegate AG in the amount of kEUR 1,700 in the fiscal year 2009.

Earn out

The wholly-owned Swiss subsidiary 1818 Auskunft AG (formerly: Xentel AG) acquired as of October 01, 2005 was sold to the American InfoNXX-group on October 06, 2006.

An arrangement for an earn out-regulation was made in addition to the selling price within the scope of the transaction. Hereby, telegate AG receives in the future up to kEUR 1,250 as delayed purchase price payment, when agreed conditions become effective. kEUR 78 were recorded affecting net income in the fiscal year 2009 in this connection (2008: kEUR 633). Thus, telegate received the maximum agreed amount of kEUR 1,250 as of December 31, 2009.

Data costs

telegate AG won an action against Deutsche Telekom AG in June 2008 within the scope of excessive costs of date links in the year 1999. The resulting amount repayable (incl. interest payable as from commencement of proceedings as well as reimbursement of legal costs and lawyer´s fees) in the amount of kEUR 5,798 was recorded affecting net income in the fiscal year 2008.

11. Financial results

Net interest income

in kEUR	2009	2008
Interest income from fixed deposit investments	2,111	2,808
Interest income from bank deposits	32	43
Interest income from loans and overdue accounts	189	224
Other interes and similar income	38	23
Interest and similar income	**2,370**	**3,098**

in kEUR	2009	2008
Interest expense from forfaiting	-52	-266
Interest expense for current account credits and guarantees	-55	-42
Discounting of non-current provisions/other liabilites	-81	-73
Other interest and similar expense	-161	-33
Interest and similar expense	**-349**	**-413**
Net interest income	**2,021**	**2,684**

The presented interest income in the amount of kEUR 2,370 in the fiscal year 2009 results almost exclusively from the fixed deposit investment with an affiliated company (kEUR 2,111). This value amounted to kEUR 2,808 in the previous year.

Earnings from financial assets and securities

in kEUR	2009	2008
Profits from the sale of securities	64	12
Losses from the sale of securities	0	-3
Earnings from financial assets and securities	**64**	**9**

telegate AG disposed of a financial investment in form of 2,500.000 preferred stocks of an American company at the end of September 2007. The company already received the major part of the sale proceeds in November 2007 and the minor part was transferred to an account held on trust for administrative purposes until the final completion of the business. The company received cash provided by this transaction in the amount of kEUR 64 (2008: kEUR 12) in the current fiscal year, which was collected affecting net income and shown in the financial income.

Earnings from currency translation

in kEUR	2009	2008
Foreign currency earnings	14	1
Foreign currency losses	-18	-2
Earning from currency translation	**-4**	**-1**

Net earnings and net losses from financial assets and financial liabilities

in kEUR	Net earnings 2009	Net earnings 2008	Net losses 2009	Net losses 2008
Financial assets				
Cash and cash equivalents	2,157	2,851	-124	-308
Trade accounts receivable	189	224	0	0
Financial assets and securities	64	12	0	-3
Financial liabilities				
Trade accounts payable	1	2	-7	-8
	2,411	**3,089**	**-131**	**-319**

Other interest and similar income in the amount of kEUR 38 (2008: kEUR 24) could not be assigned to financial assets and liabilities as well as other interest and similar income in the amount of kEUR 237 (2008: kEUR 99). These interest effects primarily resulted from the accumulation and discounting of liabilities and and non-current receivables and interest income by the rate of interest within the scope of the old age pension schemes.

12. Taxes on income

Taxes on income in Germany are composed of corporation income tax, trade tax and solidarity surcharge.

in kEUR	2009	2008
Effective income tax on continued operations	7,710	10,750
Effective income tax on discontinued operations	14	21
Effective income tax	**7,724**	**10,771**
Thereof:		
- Home country	6,984	9,186
- Abroad	740	1,585
Deferred income tax on continued operations	-871	429
Deferred income tax on discontinued operations	0	0
Deferred income tax	**-871**	**429**
Income tax expenditure shown in the profit and loss statement	**6,853**	**11,200**

The following fiscal reconciliation presents the reasons why the tax expenditure shown in the profit and loss statement of the current year does not correspond to the tax expenditure to be expected, if the income before taxes is multiplied with the total tax rate of 29.363 % (2008: 29.021 %) applicable for the fiscal year 2009:

in kEUR	2009	2008
Income before taxes from continued operations	25,970	35,618
Income before taxes from discontinued operations	-2,848	-168
Income before taxes	**23,122**	**35,450**
Total tax rate to be applied	**29.363 %**	**29.021 %**
Tax expenditure expected – according to the methodology presented	**-6,789**	**-10,288**
Increase/decrease of the income tax burden by:		
Tax effects from losses brought forward not yet used and temporary differences without a record of deferred tax assets in the past	55	25
Tax effects on temporary differences/losses brought forward not yet used, for which no deferred tax assets were created in the current period	-211	-298
Value adjustment on deferred tax assets	-710	0
Income tax rate differences	329	11
Taxes of previous years	1,845	-145
Tax effect on (permanently) non-deductible expenses/income for tax purposes	-1,484	-692
Tax effect on non-taxable income	153	152
Tax effect from other differences	-5	35
Effects of the investigation by the tax authorities	-36	0
Income tax expenditure shown in the profit and loss statement for the fiscal year	**-6,853**	**-11,200**
thereof:		
- for continued operations	-6,839	-11,179
- for discontinued operations	-14	-21

The marginal change of the total tax rate results from the adjusted trade tax rates of assessment.

The company shows deferred tax assets in the amount of kEUR 5,421 as of December 31, 2009. Previous year´s value amounted to kEUR 3,665. The deferred tax liability increased by kEUR 886 from kEUR 12,169 (as of December 31, 2008) to kEUR 13,055. For this purpose, see note 23 “Deferred tax assets and liabilities”. The discontinued operation neither includes deferred tax assets nor deferred tax liabilities.

13. Discontinued operation

118000 SAS

telegate AG sold the wholly-owned subsidiary 118000 SAS (formerly: telegate 118000 SARL) to the management of 118000 SAS and Newfund, a private equity fund, as of November 02, 2009. The purchase price consisted of a one-time fixed payment in the amount of kEUR 1,000, which was fully paid in form of cash, and a variable share of sales (earn out-component). Both companies agreed to observe secrec with regard to other parts of the agreement.

The deconsolidation from the telegate group was made correspondingly as of November 02, 2009.

118000 SAS represented a separate reportable operating segment of the group.

118000 SAS contributed to the earnings of the telegate group until its sale date as follows:

	Quarterly report (unaudited)		12-months report	
in kEUR	1.10. – 31.12.2009	1.10. – 31.12.2008	1.1. – 31.12.2009	1.1. – 31.12.2008
Revenues	1,032	3,337	10,405	14,670
Cost of revenues	-458	-1,193	-5,008	-6,950
Gross profit (excl. depreciation and amortization)	**574**	**2,144**	**5,397**	**7,720**
Total operating expenses	**-536**	**-1,817**	**-8,245**	**-7,890**
Operating income	**38**	**327**	**-2,849**	**-170**
Financial income	**0**	**2**	**0**	**2**
Income before income tax	**38**	**329**	**-2,849**	**-168**
Income tax expense	**35**	**-5**	**-14**	**-21**
Income from discontinued operations	**73**	**324**	**-2,862**	**-189**
Income from the disposal of the discontinued operation	-206	-	-206	-
Net income from the discontinued operation	**-133**	**324**	**-3,068**	**-189**

Operating expenses in the amount of kEUR 8,245 include impairment of goodwill. For this purpose, see note 20.

Assets and liabilities on the sale date (without cash)

in kEUR	
Current assets	2,648
Non-current assets	1,285
Current liabilities	3,338

Cash provided by the sale:

in kEUR	
Purchase price included	1,000
Cash sold with the discontinued operation	-611
Cash provided (balance)	**389**

The net cash flows of the discontinued operations are represented as follows:

in kEUR	1.1.– 02.11.2009	1.1. – 31.12.2008
Operating activity	965	543
Investing activity	-369	-543
Financing activity	0	0
Netto-Cash flows	**596**	**0**

14. Subsequent costs of business combination

In the fiscal year 2009 the sustainable integration of telegate Media AG already acquired in the previous year resulted in costs, which shall be considered as result of the business combination according to IFRS 3.28 and therefore are not shown as part of the acquisition cost, but are shown as expense in the period when they accrue. Basically, this concerns consulting expenses, which are not directly attributable to the acquisition.

The following survey primarily shows these one-time costs and the corresponding entry in the profit and loss statement:

in kEUR	2009	2008
Personnel costs	531	1,040
Other administrative expenses	407	1,428
Other	0	46
Total	**938**	**2,514**

15. Earnings per share

Fiscal year which ended December 31 in EUR	2009	2008
Basic and dilutive earnings per share from continuing operations, attributable to ordinary equity holders of the parent	0.90	1.16
Basic and dilutive earnings per share from discontinued operations, attributable to ordinary equity holders of the parent	-0.14	-0.01
Basic and dilutive earnings per share, attributable to ordinary equity holders of the parent	0.76	1.15

Determination of the basic and dilutive earnings per share for the fiscal years which ended on December 31 is based on following data:

Fiscal year which ended on December 31 in kEUR	2009	2008
Earnings for continuing operations, attributable to ordinary equity holders of the parent	19,120	24,535
Earnings for discontinued operations, attributable to ordinary equity holders of the parent	-3,068	-189
Earnings attributable to ordinary equity holders of the parent for the calculation of the basic and dilutive earnings per share	16,052	24,346

Fiscal year which ended on December 31 in k	2009	2008
Weighted average number of equities for the calculation of basic earnings per share	21,235	21,235
Dilution of the stock options	0	0
Weighted average number of equities for the calculation of dilutive earnings per share	21,235	21,235

There were no transactions with equities or potential equities in the period between the balance sheet date and preparation of the consolidated financial statements.

Explanations to the group´s balance sheet

16. Cash and cash equivalents

Cash and cash equivalents are shown with the fair value by the balance sheet date and are composed as follows:

Fiscal year which ended December 31 in kEUR	2009	2008
Current fixed deposits	57,500	50,500
Banks´ and cash holdings	2,432	2,961
Total	**59,932**	**53,461**

Banks´ holdings are kept with renowned German financial institutions by the balance sheet date, which obtained the highest awards from international rating agencies. Interest is paid on balances with variable interest rates for balances at call. Current deposits are made with different periods between one day and 3 months, depending on the corresponding cash requirements of the group. Interest is paid on current deposits with interest rates applicable for current deposits in each case. Current fixed deposits concern investments with an affiliated company with a fixed term of up to 3 months. They are shown under cash equivalents, because the interest rate level is not subject to fluctuations and there is the option of calling in at any time by virtue of a contractual fixation.

The fair value of the cash and current deposits amounts to kEUR 59,932 (2008: kEUR 53,461) and thus corrensponds to its book value.

Cash and cash equivalents increased in the reporting period by kEUR 6,471 (2008: decreased by kEUR 13,317). Among others, the decrease of trade accounts receivable contributed to this positive development.

The company has unused overdraft credit lines by financial institutions at its disposal in the amount of kEUR 3,000 (2008: kEUR 3,000) as of December 31, 2009.

17. Trade accounts receivable

The amounts shown in the balance sheet are amounts after value adjustment, which was performed in order to consider a possible default risk. Gross receivables amount to kEUR 59,775 (2008: kEUR 65,435) on the balance sheet date.

Trade accounts receivables bear interest when overdue and usually have a due date of 8 to 90 days dependent on the individual arrangement of the agreement.

in kEUR				thereof: not impaired as of the closing date of the financial statements and overdue in the following time bands		
		Book value before value adjustment	thereof: neither impaired nor overdue as of the closing date of the financial statements	less than 90 days	between 91 and 180 days	more than 180 days
Trade accounts receivable	As of Decembe 31, 2009	59,775	44,138	2,079	577	1,687
Trade accounts receivable	As of Decembe 31, 2008	65,434	44,988	8,335	718	4,069

Trade accounts receivable with a nominal value of kEUR 11,294 (2008: kEUR 7,326) were impaired as of December 31, 2009. Development of the absorption account is as follows:

in kEUR	Individual value adjustment	Value adjustment on portfolio basis	Amount
As of January 01, 2008	**2,185**	**422**	**2,607**
Additions expensed	245	993	1,238
Additions not expenses	4,660	0	4,660
Utilization	-97	-536	-634
Dissolution	-102	-812	-914
Addition from first consolidation	0	367	367
As of December 31, 2008	**6,891**	**434**	**7,325**
Additions expensed	489	2,369	2,858
Additions not expenses	2,586	0	2,586
Utilization	-383	-524	-907
Dissolution	-172	-261	-433
Disposal from deconsolidation	-11	-124	-135
As of December 31, 2009	**9,400**	**1,894**	**11,294**

The Italien subsidiary invoices in charge of SEAT directory assistance services, mainly to Telecom Italia. Not recoverable trade accounts receivables in this context were impaired not affecting the operating result.

18. Other current assets

Other current assets are composed of following positions:

Fiscal year which ended December 31 in kEUR	2009	2008
Main shareholder receivable	1,179	718
Income tax receivable	957	0
Prepaid expenses	885	851
Real factoring receivable	744	1,922
Prepaid social security contributions	619	694
Withholding tax Italy	211	262
Liquid assets with restraint on disposal	101	101
Claims out of credits for advertising performance	0	1,164
Legal costs and lawyer´s charges receivable	0	259
Credit for Media-performances fixed by agreement, but not collected yet	0	121
Other current assets	935	1,024
Total	**5,631**	**7,116**

Main shareholder receivable is based on deferred interest within the scope of fixed deposit investments (see also note 16) and income tax, which constitutes a tax claim against Italian fiscal authorities which is, however, due to the special agreement on the relationship established subject to corporation income tax with SEAT now addressed to them. Income tax receivable results from an overpayment of tax by telegate AG. Prepaid expenses was basically created for expense paid, but not passed as expense in the marketing and technology sector. Liquid asset with restraints on disposal exclusively represent securities for leases. The claims out of credits for advertising performance was reclassified in other financial assets during the fiscal year 2009. For further information, see note 23 "Other financial assets".

19. Goodwill

Historic acquisition cost

in kEUR	Goodwill
As of January 01, 2008	**4,079**
Additions	220
Additions from the acquisition of subsidiaries	6,838
As of December 31, 2008	**11,137**
Additions	0
Disposals from deconsolidation	-3,655
As of December 31, 2009	**7,482**

Cumulated impairments

in kEUR	Goodwill
As of January 01, 2008	**1,250**
As of December 31, 2008	**1,250**
Impairments	2,413
Disposals from deconsolidation	-3,655
As of December 31, 2009	**8**
Book values as of December 31, 2008	**9,887**
Book values as of December 31, 2009	**7,474**

Goodwill assigned to the cash generating unit 118000 SAS was impaired in the amount of kEUR 2,413. For this purpose, see also note 20 “Impairment of goodwill”.

Disposals of goodwill concern the deconsolidation of 118000 SAS with kEUR 2,413 (for this purpose, see note 13) and the deconsolidation of mobilSafe AG i.A. in the amount of kEUR 1,242 (for this purpose, see note 1).

20. Impairment of goodwill

Goodwill acquired within the scope of business combinations were assigned to cash generating units for review of recoverability. The cash generating unit represents the correnponding group company.

Following book values of the goodwill were assigned to the corresponding cash generating units:

Fiscal year which ended December 31 in kEUR	2009	2008
telegate Media AG	7,058	7,058
Telegate Auskunftsdienste GmbH	416	416
118000 SAS (formerly: telegate 118000 SARL)	0	2,413
Total	**7,474**	**9,887**

The recoverable amount of the cash generating unit of the corresponding group company is determined on the basis of the calculation of the utility value using cash flow-forecasts, which are based on budgets approved by the executive management for a period of 4 years. The discounting rate used for the cash flow-forecasts is within a range of 10.9 % to 12.9 % before taxes (previous year: range of 11.0 % to 15.7 %). Cash flows after the period of 4 years are estimated as perpetual pensions. Discounts on growth of 0 % to 1 % were used for the determination of the values of the perpetual pensions for the purpose of the determination of the utility value for review of the recoverability of goodwill.

Cash generating unit “118000 SAS” (formerly: telegate 118000 SARL)
The recoverable amount of the cash generating unit “118000 SAS” was determined in the second quarter 2009 on the basis of the calculation of an utility value using cash flow-forecasts, which are based on the current budgets of the company in each case. The forecasted cash flows were updated, in order to take the accelerated market decline expected on the French directory assistance market into account due to the price anouncement before the call resolved by the legislator in France as of January 01, 2010. As a result of this analysis, the management recorded impairment expense in full for the goodwill previously estimated with kEUR 2,413. The company was sold on November 02, 2009. Impairment expense was shown in earnings from discontinued operations. See note 13.

Basic presumptions
The basic presumptions are explained below, which formed the basis for the executive management to prepare the cash flow-forecast for review of recoverability of goodwill.

Gross margin planned – Gross margin is determined by the average gross margin realized on comparative markets and is known from the past and increased taking the expected efficiency improvement into account.

Nominal interest rate for bonds – Payment of interest of a 10-year federal loan at the beginn of the budget year is used.

Sensitivity of the presumptions made

In the opinion of the management, following main presumptions have the biggest influence on the valuation of the corresponding utility value of the cash generating unit and are thus revised on a periodically:

- Discount factor: The discount factor was determined based on the average cost of capital of the telegate group and adjusted to the specific risks assignable to the cash generating unit in each case. Market-specific and social changes may result in an adjustment of the discount factor.
- A change of the market volume in the directory assistance sector, in particular, may have a significant effect on the future payment flows of the cash generating unit.
- Changes of customer demand in the Media business, in particular, may have a significant effect on the future payment flows of the cash generating unit.

It is the management´s opinion, that no change which is basically possible after due assessment of one of the basic presumptions made for the determination of the utility value of the above-stated cash generating units may result in the event that the book value of the cash generating unit significantly goes below its recoverable amount.

21. Intangible assets

Historical acquisition cost

in kEUR	Software	Licences	Self-developed data base	Regular customers acquired	Acquired brand klickTel	Other intangible assets	Advance payment on intangible assets	Total
As of January 01, 2008	**10,294**	**13,424**	**2,073**	**0**	**0**	**2,526**	**458**	**28,775**
Additions	1,704	287	0	0	0	589	49	2,629
Additions from acquisitions of subsidiaries	1,624	836	0	30,301	997	0	0	33,758
Disposals	-14	-137	0	0	0	-78	0	-229
Entry transfers	625	-202	0	0	0	249	-458	214
As of December 31, 2008	**14,233**	**14,208**	**2,073**	**30,301**	**997**	**3,286**	**49**	**65,147**
Additions	2,770	442	0	0	0	293	149	3,654
Disposals	-571	0	0	0	0	0	0	-571
Entry transfers	0	0	0	0	0	72	-72	0
Disposal from deconsolidation	-149	-12	0	0	0	-945	-15	-1,121
As of December 31, 2009	**16,283**	**14,638**	**2,073**	**30,301**	**997**	**2,706**	**111**	**67,109**

Cumulated depreciation and amortization and impairment

in kEUR	Software	Licences	Self-developed data base	Regular customers acquired	Acquired brand klickTel	Other intangible assets	Advance payment on intangible assets	Total
As of January 01, 2008	**8,196**	**5,902**	**2,073**	**0**	**0**	**1,482**	**0**	**17,653**
Depreciation and amortization	1,270	1,760	0	2,273	75	763	0	6,141
Impairments	0	0	0	0	0	24	0	24
Additions from the acquisition of subsidiaries	887	367	0	0	0	0		1,254
Disposals	-11	-92	0	0	0	-76	0	-179
Entry transfers	56	-56	0	0	0	0		0
As of December 31, 2008	**10,398**	**7,881**	**2,073**	**2,273**	**75**	**2,193**	**0**	**24,893**
Depreciation and amortization	1,507	1,735	0	3,030	100	558	0	6,930
Disposals	-571	0	0	0	0	0	0	-571
Disposal from deconsolidation	-119	0	0	0	0	-378	0	-497
As of December 31, 2009	**11,215**	**9,616**	**2,073**	**5,303**	**175**	**2,373**	**0**	**30,755**

in kEUR	Software	Licences	Self-developed data base	Regular customers acquired	Acquired brand klickTel	Other intangible assets	Advance payment on intangible assets	Total
Book values as of December 31, 2008	**3,835**	**6,327**	**0**	**28,028**	**922**	**1,093**	**49**	**40,254**
Book values as of December 31, 2009	**5,068**	**5,022**	**0**	**24,998**	**822**	**333**	**111**	**36,354**

Useful life for intangible assets was determined as follows:

Software	3 to 7 years
Licences	3 to 15 years
Self-developed data base	3 years
Regular customers acquired	10 years
Acquired brand klickTel	10 years
Other intangible assets	3 years

Linear depreciation is made over the determined useful life. There were no adjustments of useful life compared with the previous year.

A company-owned website activated in accordance with IAS 38 in connection with SIC-32 (7) can be assigned to other intangible assets. Measurement subsequent to initial recognition is made on the basis of net acquisition cost and production costs in accordance with IAS 38.74, because there is no active market for websites. Ordinary useful life was determined to 3 years. Subsequent expenses for improvement of the website are immediately recorded as expense, in accordance with IAS 38.20.

Following intangible assets were identified in accordance with IFRS 3.37 and IAS 38 with regard to the purchase price allocation (see note 4) performed within the scope of the acquisition of telegate Media AG as of April 01, 2008:

in kEUR	Fair value on the date of acquisition
Regular customers advertising marketing	21,429
Regular customers software business/CD-ROM	8,872
Brand klickTel	997
Total	**31,298**

The company had regular customers at its disposal in the marketing advertisement business with individual contracts based on a contractual basis at the date of the first consolidation. Regular customers in the software business, however, are based on existing customer contracts on the one hand and on a long-term historical business development on the other hand. The brand klickTel was advertised since 2002 and is primarily known in the B2B sector and by the Internet.

The method of licence price analogy and residual value method respectively was considered for the measurement of identified intangible assets. Useful life of the assets is 10 years in each case. Linear depreciation is made, in accordance with IAS 38.97.

Historical acquisition cost of intangible assets, which are fully depreciated and amortisized but are still used on the balance sheet date amount to kEUR 16,622 (2008: kEUR 13,320).

telegate group had current liabilities from orders on intangible assets in the amount of kEUR 200 (2008: kEUR 656) as of December 31, 2009 which will accrue in the fiscal year 2010, as expected.

No investment allowances were granted in the fiscal year 2009, which otherwise reduce the book values of intangible assets, in accordance with IAS 20.27. This amount was kEUR 166 in the previous year.

22. Property, plant and equipment

Acquisition cost

in kEUR	Technical equipment	Other equipment, furnitures and fixtures	Advance payment made for property, plant and equipment	Total
As of January 01, 2008	**45,517**	**6,354**	**215**	**52,086**
Additions	1,748	1,132	0	2,880
Additions from the acquisition of subsidiaries	1,794	1,258	0	3,052
Disposals	-1,870	-180	0	-2,050
Entry transfers	1	0	-215	-214
As of December 31, 2008	**47,190**	**8,564**	**0**	**55,754**
Additions	1,304	805	1	2,110
Disposals	-3,788	-437	0	-4,225
Disposal from deconsolidation	-1,959	-64	0	-2,023
As of December 31, 2009	**42,747**	**8,868**	**1**	**51,616**

Cumulated depreciation and amortization and impairment

in kEUR	Technical equipment	Other equipment, furnitures and fixtures	Advance payment made for property, plant and equipment	Total
As of January 01, 2008	**35,817**	**4,768**	**0**	**40,585**
Depreciation and amortization	3,549	793	0	4,342
Impairment	5	0	0	0
Additions from the acquisition of subsidiaries	1,389	400	0	1,789
Disposals	-1,818	-167	0	-1,985
As of December 31, 2008	**38,942**	**5,794**	**0**	**44,736**
Depreciation and amortization	3,477	732	0	4,209
Impairment	561	0	0	561
Disposals	-3,728	-401	0	-4,129
Disposal from deconsolidation	-1,326	-47	0	-1,373
As of December 31, 2009	**37,926**	**6,078**	**0**	**44,004**
Book values as of December 31, 2008	**8,248**	**2,770**	**0**	**11,018**
Book values as of December 31, 2009	**4,821**	**2,790**	**1**	**7,612**

Useful life for equipment was determined as follows:

Technical equipment	3 to 9 years
Other equipment, furnitures and fixtures	3 to 10 years

Linear depreciation is made over the determined useful life. There were no adjustments of useful life compared with the previous year.

Value adjustments for property, plant and equipment in the amount of kEUR 561 were made due to capacity adjustment in the segment "France" in the second quarter 2009. This expense is shown in the earnings from discontinued operations. See note 13.

Historical acquisition cost of equipment, which is fully depreciated and amortisized but still used on the balance sheet date amount to kEUR 28,761 (2008: kEUR 23,049).

telegate group had current liabilities from orders on property, plant and equipment in the amount of kEUR 200 (2008: kEUR 146) as of December 31, 2009 which will accrue in the fiscal year 2010, as expected.

System software was assigned to the position property, plant and equipment in accordance with IAS 38.4, because they constitute an integral part of the hardware.

No Investment allowances were granted in the fiscal year 2009, which otherwise reduce the book values of property, plant and equimpment, in accordance with IAS 20.27. This amount was kEUR 1,143 in the previous year.

23. Other financial assets

The amount of kEUR 733 (2008: kEUR 86) shown as of the balance sheet day includes the fair value for the claim due to a agreed prohibition to compete on the one hand and a receivable from a claim out of advertising performances on the other hand, which was reclassified from other current assets to other financial assets in the fiscal year 2009.The marginal consumption of this credit looming in the current fiscal year was a reason this. As a consequence, both the book value and the duration were reassessed. This resulted in a write off demand in the amount of kEUR 649 in addition to the discounting of the cash value, which was recorded in advertising costs within the segment directory assistance solutions Germany/Austria.

These other financial assets are measured with the net acquisition cost.

24. Deferred tax asset and liability

Income taxes in Germany are composed of corporation income tax, trade tax and solidarity surcharge. A corporation income tax rate of 15.0 % plus a trade tax rate of 13.54 % plus a solidarity surcharge of 0.83 % was applied for the calculation of the deferred taxes for the corporate income tax and trade tax group of telegate AG. Tax rates are based on a standard corporation income tax rate of 15.0 % for distributed and retained earnings, a solidarity surcharge on the corporation income tax rate of 5.50 % and an average trade tax rate of assessment of 386.79 %. The trade tax rate of the subsidiaries with a domicile in Germany, which are not included in the tax group deviates due to different trade tax rates of assessment. Deferred taxes of foreign subsidiaries are determined with the corresponding national tax rates.

Deferred tax assets and liabilities were created due to valuation differences with regard to time of assets and debts in the commercial and tax balance sheet with the tax rates of the years when the differences may reverse, as expected. Deferred taxes are composed as follows:

As of December 31 in kEUR	2009	2008
Gross value of deferred tax assets:		
Tax losses brought forward not yet used	6,001	4,627
Property, plant and equipment	61	69
Financial investments	39	39
Other assets	5	18
Provisions	905	1,182
Less value adjustment	-1,590	-2,270
Deferred tax assets	**5,421**	**3,665**
Thereof: - for discontinued operations	0	0
Less deferred tax liabilities:		
Property, plant and equipment	-19	-18
Intangible assets	-9,527	-10,905
Other assets	-213	-203
Provisions	-64	-34
Other liabilities	-3,232	-1,009
Deferred tax liabilities	**-13,055**	**-12,169**
Thereof: - for discontinued operations	0	0
Net value of deferred taxes	**-7,634**	**-8,504**

Cumulated tax losses of the company brought forward amount to approx. EUR 22 m as of December 31, 2009 (2008: EUR 18 m). The German group companies incurred EUR 18 m (2008: EUR 11 m) and other European group companies incurred EUR 4 m (2008: EUR 7 m). EUR 0 m (2008: EUR 2.5 m) can be attributed to discontinued operations.

Tax losses brought forward, which were not shown due to insufficient usability amount to kEUR 7,898 (2008: kEUR 10,063) as of the balance sheet date. kEUR 0 (2008: kEUR 2,488) are attributable here to discontinued operations.

Tax losses brought forward, which were assessed in Germany, may be brought forward without limitations and used for a set-off against future profits, in accordance with the applicable German fiscal law, however, various tax provisions (e. g. minimum taxation etc.) shall be observed. Restrictions of the loss brought forward due to country-specific regulations were observed with regard to the other group companies.

Intangible assets to be shown within the scope of first consolidation resulted in a not operating result affecting deferred tax liability in the amount of kEUR 0 (2008: kEUR 10,101) which shall be dissolved in the future analogous to the development of the intangible assets.

25. Trade accounts payable

The amount shown as of the balance sheet date amount to kEUR 20.396 (2008: kEUR 24,433).

Trade accounts payable include current liabilities from transactions concerning deliveries and services as well as current costs. The average period of payment used is between 14 and 60 days. The managment expects that the book value of the trade accounts payable almost corresponds to their fair value.

Trade accounts payable are estimated with their redemption amount.

26. Accrued liabilities

The company shows following accrued liabilities on the fixed days below:

As of December 31 in kEUR	2009	2008
Liabiltites towards employees	8,267	8,755
Outstanding invoices	7,491	10,791
Income tax	1,077	6,486
Other	0	144
Total	**16,835**	**26,176**

Accrued liabilities include debts for payment of goods or services received or delivered, which were neither paid nor invoiced by the supplier or formally agreed, in accordance with IAS 37.11. They differ from trade accounts payable, because they were invoiced by the supplier or formally agreed. Liabiltites towards employees include wage and salary payments, in particular, which only become due in the new fiscal year.

The decline of the liabilities for outstanding invoices and liabiltites towards employees is primarily base on the deconsolidation of 118000 SAS. See note 13. There were reduced liabilities from income tax in the current fiscal year, primarily by tax payments of telegate AG according to plan.

27. Provisions

Provisions showed following development in the fiscal year 2009:

in kEUR	Contractual risks	Impeding losses	Personnel	Other	Total	Contractual risks	Impeding losses	Personnel	Total
Provisions for	Current	Current	Current	Current	Current	Non-current	Non-current	Non-current	
As of January 01, 2009	**2,120**	**1,085**	**1,038**		**4,243**	**195**	**955**	**500**	**5,893**
Dissolution	-237	-1,085	-326		-1,648	-130	0	-75	-1,853
Consumption	-1,209		-128		-1,337	-27	-263	-425	-2,052
Allocation	3,171		0	120	3,291	0	267	0	3,558
Disposal from deconsolidation	0		-74		-74	0	0	0	-74
Interest effect	0		0		0	0	16	0	16
As of December 31, 2009	**3,845**	**0**	**510**	**120**	**4,475**	**38**	**975**	**0**	**5,488**

telegate identified and measured all risks known to the company as of the balance sheet date December 31, 2009. Risks were considered in the form of provisions in the financial statements, if estimate provisions of IAS 37.14 were fulfilled. The main risks include the facts presented below.

The amount of provisions for reorganization is in total kEUR 334 (2008: kEUR 145) as of December 31, 2009. Provisions were created in connection with combinations and closures respectively of individual call centers in the fiscal year 2009 and in the previous fiscal years 2002 and 2004 (for this purpose, see note 34 "Reorganization plans"). These provisions for reorganization are not shown separately. They are primarily included in the above-named provisions.

In addition, the company is involved in various legal disputes where it appears both as plaintiff and defendant. Provisions were created in line with IAS 37.23 for risks, which may result in an outflow of economic use, according to the legal counsels of the company. Provisions were created for contractual risks and for dangers of losses, depending on the type of risk.

Provisions for contractual risks < 1 year include among others risks for pending labor conflicts within the Italian subsidiary.

Risks identified as contingent liabilities, were not estimated as of the balance sheet date (IAS 37.27). A description is made in accordance with IAS 37.86 of the individual risks and their potential financial effects within the note 37 "Contingent liabilities and contingent claims" instead.

28. Other current liabilities

The amount shown as of the balance sheet date amount to kEUR 18.138 (2008: kEUR 17,636) and is primarily composed of value added tax liabilities against tax authorities in the amount of kEUR 1,099 and a obligation to pay in the amount of kEUR 1,199 (2008: kEUR 1,502) for the purchase of shares in the previous year and other liabilities towards Deutsche Telekom AG in the amount of kEUR 12,285. Within the scope of the action of telegate AG against Deutsche Telekom AG regarding repayment claims for data costs, which were overcharged in the years 1997 – 2000, Deutsche Telekom AG transferred an amount of kEUR 12,285 on July 17, 2007 with the reservation of a repayment in the event of a reversed decision in the instance of appeal.

Other current liabilities are estimated with the repayment amount.

29. Old age pension schemes

There are defined contribution and defined benefit pension schemes for the company pension scheme.

Defined benefit schemes

telegate AG grants the individual commitments for benefits from the company pension scheme (old age pension, disablement pension and survivors´ pension) to the members of the management board since December 31, 1998. The amount of the pension commitments from defined benefit pension schemes is basically assessed in accordance with the employment duration and the basic salary of the individual members of the management board.

Employer’s pension obligation insurances were effected for securing the corresponding pension payments from the pension guarantees and their benefits were pledged for the benefit of the persons entitled to a pension. The employer’s pension obligation insurances with pledging the claims for the benefit of the persons entitled to a pension are estimated as plan assets, because this concerns a qualified insurance policy within the meaning of IAS 19.7.

The actuarial measurements of the plan assets and cash value of the defined benefit plan liability were performed as of December 31 of the corresponding fiscal year considering following actuarial presumptions:

in %	2009	2008
Discounting rate	5.25	6.00
Income expected from plan assets	5.10	4.90
Pension progression	2.00	2.00
Salary progression	0.00	0.00

The company recorded following expense and income in the net earnings of the fiscal year, with regard to these defined benefit pension schemes:

in kEUR	2009	2008
Expenditure of years in service	-51	-58
Interest expense	-21	-19
Income expected from plan assets	26	18
Actuarial losses (profits) of the reporting period, which shall be recorded immediately, in accordance with IAS 19.58A	-111	79
Expense/Income for pension payments	**-157**	**20**

Expenses of the accumulation of pension obligations as well as the expected income from plan assets are included in the financial results (2009: kEUR 5, 2008: kEUR -1). All other expenses and income with regard to defined benefit pension schemes are recorded under the position personnel costs (2009 kEUR -162, 2008: kEUR 21).
The actual income from plan assets amounted to kEUR 26 (2008: kEUR 18).

The cash value of the defined pension liability is calculated with the projected unit credit method, in accordance with IAS 19.64 and showed following development:

in kEUR	2009	2008
Cash value of the defined liabilities as of January 01	**353**	**355**
Expenditure of years in service	51	58
Interest expense	21	19
Actuarial losses (profits)	111	-79
Cash value of the defined liabilities as of December 31	**536**	**353**

The newly incurred actuarial losses in the amount of kEUR 111 in the fiscal year 2009 are attributable to the change of the discounting rate by -0.75 % to 5.25 %, in particular.

Changes of the fair value of plan assets are as follows:

in kEUR	2009	2008
Fair value of plan assets as of January 01	**528**	**410**
Income expected from plan assets	26	18
Employer´s contributions	102	100
Fair value of plan assets as of December 31	**656**	**528**

The amount shown in the balance sheet of the telegate group under the position "Provision for old age" regarding defined benefit pension schemes is as follows:

As of December 31 in kEUR	2009	2008
Cash value of defined benefit liability	-536	-353
Fair value of plan assets	656	528
Net assets	**120**	**175**
Actuarial profits not recorded	-2	-2
Plan assets not recorded due to the ceiling, in accordance with IAS 19.58 (b)	-118	-173
Debt recorded in the balance sheet	**0**	**0**

The company expects contributions to defined benefit pension schemes in the amount of kEUR 102 in the fiscal year 2010.

The following table shows the development of the contributions for the current and 4 previous reporting periods with regard to the surplus and deficit respectively of the plan:

in kEUR	2009	2008	2007	2006	2005
Cash value of defined benefit liability	536	353	335	336	241
Fair value of plan assets	-656	-528	-410	-234	-168
Plan deficit (Plan surplus)	**-120**	**-175**	**-55**	**102**	**73**
Experience adjustment of plan debts	-25	8	-13	-37	-49
Experience adjustment of plan assets	-	-	-	-	-

Defined contribution schemes

The company offers an assistance to the old age pension scheme, which is financed by the employees since September 2004. The assistance amount depends on the contributions paid by the employees. The amount of the current assistance payments, which were recorded as expense amounted to kEUR 24 (2008: kEUR 29) in the fiscal year 2009.

The country-specific revision of additional old age pension schemes in Italy as of January 01, 2007 resulted in the creation of a defined contribution pension scheme in the group. In this connection, the termination pays for employees settled by law either flow into a private supplementary pension fund or in a public INPS-pension fund (so called Fondo di Tesoreria). Payment of the contributions assessed into the above-named fund is the only liability of the group, with regard to this old age pension scheme. Expense in the total amount of kEUR 646 (2008: kEUR 542) recorded in the fiscal year 2009 represent the contributions of the group due for these old age pension schemes.

30. Other non-current liabilities

The amount shown as of the balance sheet date amounts to kEUR 441 (2008: kEUR 480).

This position almost exclusively reflects the liability of the company towards its Italian employees, who have a claim for compensation upon termination of employment due to provisions of state law.

31. Shareholders` equity

Subscribed capital
The company has individual share certificates without par value in the amount of 21,234,545 pieces (2008: 21,234,545 pieces), which were issued in total, fully paid-up and in circulation as of December 31, 2009.

Shareholders of ordinary shares have one vote per share regarding all matters presented to the shareholders for voting. Ordinary shares are not repayable and do not include rights of conversion. Dividends may only be resolved and paid from the distributable net profits of the year, which results from the German statutory annual financial statements.

Authorized but unissued capital
Subscribed capital was conditionally increased by up to kEUR 1,000 (authorized but unissued capital 2005/I), by resolution of the shareholders´ meeting on May 12, 2005 amended by the resolutions of May 15, 2006 and May 09, 2007. 247,500 stock options were exercised within the scope of the stock option plan in the fiscal year 2007. This results in a decrease of the authorized but unissued capital to EUR 752,500 and increase of subscribed capital by EUR 247,500 to EUR 21,234,545.

By resolution of the shareholders´ meeting of June 11, 2008, the management board, with consent of the supervisory board until June 10, 2010, is authorized to increase the share capital with contribution in cash and/or contribution in kind one time or several times by a total of up to EUR 500,000, whereby the shareholders´subscription right may be excluded (authorized capital 2008/I).

The conditional capital increase exclusively serves for the issue of individual share certificates in the name of the share-holder with profit share entitlement. The conditional capital increase is only performed to the extent to which the hol-ders of stock options from stock option plans of telegate AG exercise their right to acquire stocks of telegate AG and telegate AG does not grant company-owned stocks for the performance of the stock options or fulfils its liabilities to-wards the beneficiary in another form. See details about the stock-option-program under note 35 “Share-based payment”.

Additional paid-in capital
Additional paid-in capital amounts to kEUR 29,875 (2008: kEUR 31,800) as of December 31, 2009. It decreased by kEUR 1,925 compared with the figure of December 31, 2008.

The management board of telegate AG resolved the liquidation of the additional paid-in capital in the amount of kEUR 1,929 (2008: kEUR 0) on May 06, 2009, in accordance with section 272 subsection 2 number 4 HGB (German Commercial Code). Net earnings were increased correspondingly.

The additional changes are based on a decrease in the amount of kEUR 223 due to the difference between acquisition cost and the book value of shares in telegate Media AG which were additionally acquired (for this purpose, see note 4) and an increase from personnel costs for stock options in the amount of kEUR 227, which were still subject to a blocking period in the fiscal year (for this purpose, also see note 35 “Share-based payment”).

All equity items are measured with the nominal amount.

Earnings reserves

By resolution of the management board on February 01, 2010 it will be proposed to the supervisory board in accordance with number 6 paragraph 2 of articles of incorporation to increase the revenue earning reserves in the amount of kEUR 3,648. The agreement of the supervisory board is outstand yet.

It was proposed to the supervisory board by resolution of the management board of January 28, 2009, to allocate kEUR 10,240 to earnings reserves, in accordance with number 6 paragraph 2 of the articles of incorporation, which was already taken into account at the preparation of the annual financial statements, as at December 31, 2008 in accordance with section 270 subsection 2 HBG (German Commercial Code). The supervisory board agreed.

Other earnings reserves amount to kEUR 34.822 (2008: kEUR 31,174) as of the balance sheet date.

32. Paid and proposed dividend

In accordance with a resolution of the shareholders´ meeting of May 27, 2009, the management board´s proposal for the use of earnings was complied and net earnings 2008 in the amount of kEUR 14,864 were used for distribution of a dividend (2008: kEUR 14,864). This corresponds to a dividend of EUR 0.70 per individual share certificate.

By resolution of the management board of February 01, 2010, a dividend distribution in 2010 for the fiscal year 2009 in the amount of kEUR 14,864 is proposed to the shareholders´ meeting, which was not recorded as liability yet as of December 31, 2009. This corresponds to a dividend of EUR 0.70 per individual share certificate.

Other explanations and disclosures

33. Operating segments

Activities of the telegate group are classified in operating segments for the purpose of management control.

In addition to the original regional segmentation of the telegate group in the sectors Germany/Austria, Italy/Spain and France, an additional subdivision of the segment Germany/Austria is made by means of the operating segments "Directory assistance solutions" and "Media" as of the fiscal year 2009, because development of the operating segments Media resulted in a reportable business segment.

The operating segments "Directory assistance solutions" offers the user information and directory assistance services via various service channels in Germany and Austria.

The operating segments "Media" renders advertising performances for small and medium-sized enterprises mainly in Germany.

The operating segments Italy/Spain comprises all activities of telegate on the Italian and Spanish market, which almost exclusively take place in the directory assistance solutions sector.

The operating segment France was sold as of November 02, 2009 (see note 13). Sales 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 rating of the segments as well as allocation of resources to the segments is mainly made based on operating results.

The management controls the segments on the basis of earnings indicator (up to EBITDA) and allocations of investment. Control of capital allocation (debts and assets) on business sector level is not made within the segment Germany/Austria.

Sales between segments are shown in the balance sheet with amounts comparable with sales to third party customers and are eliminated within the scope of consolidation.

The segment Germany/Austria was not differenced and controlled in respect of earnings indicator of the operating segments directory assistance solutions and Media in the fiscal year 2008.

Figures for the previous were therefore not determined (except revenues) respectively the generating would be only possible with an excessive effort.

A major part of the sales revenues is centrally invoiced by Deutsche Telekom. However these sales revenues are based on a large number of customers, see note 40 "Financial risks". Within the telegate group with no external customer were generated sales revenues, which exceed 10 % of the sales revenues of the company.

As of December 31, 2009 in kEUR	Germany/Austria Directory assistance solutions	Media	Total	Italy/Spain	France	Recon-ciliation [1]	Group
Revenues							
External revenues	97,355	24,328	121,683	32,206	10,405	-10,405	153,889
Inter-segment revenues	130		130			-130	0
Total revenues	**97,485**	**24,328**	**121,813**	**32,206**	**10,405**	**-10,534**	**153,889**
Earnings							
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	45,545	-13,659	31,886	2,535	733	-799	34,355
Financial income	1,128	1,115	2,243	-51	-110		2,081
Income before income tax	39,659	-14,535	25,124	1,023	-3,025	2,849	25,970
Tax expenditure	-6,212	83	-6,128	-711	-14	14	-6,839
Income after income tax	33,447	-14,452	18,995	312	-3,038	2,862	19,131
Assets and debts							
Segment assets			145,913	25,725			171,638
Segment debts			51,035	23,318			74, 353
Other segment information							
Investments	1,324	3,764	5,088	505	171	-171	5,593
Depreciation and amortization on property, plant and equipment	1,891	666	2,557	1,173	1,040	-1,040	3,730
Depreciation and amortization on intangible assets	3,752	2,696	6,448	288	194	-194	6,736
Impairment of goodwill					2,413	-2,413	0

As of December 31, 2008 in kEUR	Directory assistance solutions	Media	Germany/ Austria	Italy/Spain	France	Recon-ciliation [1]	Group
Revenues							
External revenues	105,808	18,517	124,325	39,788	14,670	-14,670	164,113
Inter-segment revenues	339	0	339			-339	0
Total revenues	**106,147**	**18,517**	**124,664**	**39,788**	**14,670**	**-15,009**	**164,113**
Earnings							
Earnings before interest, taxes, depreciation and amortisation (EBITDA)			37,691	5,205	372	-779	42,489
Financial income			3,216	-289	-232	-3	2,692
Income before income tax			33,226	3,036	-811	169	35,620
Tax expenditure			-9,630	-1,549	-21	20	-11,180
Income after income tax			23,596	1,487	-832	189	24,440
Assets and debts							
Segment assets			147,623	30,527	5,447		183,597
Segment debts			58,632	24,577	3,578		86,787
Other segment information							
Investments *			4,200	764	547	-547	4,964
Depreciation and amortization on property, plant and equipment			2,278	1,343	726	-726	3,621
Depreciation and amortization on intangible assets			5,403	537	225	-225	5,940

* without M&A

[1] Sales and costs of the discontinued operation are not included in the group´s profit and loss statement. They are shown separately as "Income from the discontinue operation".

34. Restructuring measures

One call center was combined with two others, in order to improve the economic efficiency as well as to optimize the cost structure of the business sector directory assistance solutions. The detailed and formal restructuring plan was announced to the employees of telegate AG in the second quarter of 2009. The restructuring measure was implemented in the fiscal year 2009.

The total amount, which is directly linked to the restructuring measures, is not shown separately in the profit and loss statement, but instead shown in the relevant cost item.

in kEUR	2009
Personnel expenses	735
Consulting costs	236
Leasing and space costs	222
Other expense	172
Total restructuring expenses	**1,365**

The following was still contained in the provisions as of December 31, 2009:

Current	120
Non-current	158

In the fiscal years 2002 and 2004, various call centers in Germany were already being closed or combined. This restructuring was successfully completed in the fiscal year 2004; subsequent expenses related to the restructuring are considered as low by the company and are mostly accounted for in provisions.

No expenses were incurred in this connection in the fiscal year 2009 (2008: kEUR 14).

35. Share-based payment

The annual shareholders' meeting of telegate AG on May 12, 2005 resolved to introduce a stock-option programme, in the scope of which stock-options of up to 1,000,000 shares of telegate AG can be granted. According to the resolution of the shareholders' meeting on May 15, 2006, a maximum of 400,000 shares can be distributed per calendar year. The supervisory board must approve the determination of the number of shares to be granted to the beneficiaries each calendar year. The group of beneficiaries includes members of the management board of telegate AG, members of management of companies affiliated with telegate AG in accordance with sections 15 ff. AktG (German Corporation Law), and employees of telegate AG as well as employees of companies affiliated with telegate AG pursuant to sections 15 ff. AktG (German Corporation Law). The stock options are non-transferable.

1,000,000 stock options were distributed in the meantime and 247,500 stock options were exercised by their owners, so that 752,500 stock options remain.

Each stock option entitles the owner to purchasing a share of telegate AG at the exercise price. A cash settlement is excluded. The exercise price per share is equivalent to the average closing price of the telegate AG share on the XETRA exchange of the Deutsche Boerse AG during the 10 trading days immediately preceding the date, when the stock options are distributed.

It is only possible to exercise the stock options, if one of the following targets is reached in the exercise period:

- The development of the stock market price of the telegate share in the period between being granted and exercising the stock option is better than the development of the Prime All-Share-Index of Deutsche Boerse AG in the same period (outperformance);
- The stock market price of telegate AG increases by more than an average of 7% p.a. in between the period, when the stock option is granted and exercised.

The waiting period for the initial exercise is 2 years from the date the stock option is granted. After the waiting period has expired, the stock options may be exercised in whole or in part until the expiration of a 5-year period from the date the stock option is granted. The ordinary shareholders' meeting of telegate AG on May 27, 2009 resolved to prolong the duration of stock options. They can now be exercised until June 30, 2013, instead of December 31, 2010 as before. Stock options that are not exercised by June 30, 2013 shall expire, regardless of when they were granted. Options also expire, when the employee leaves the company before the waiting period is over.

The extension of the stock option programme agreed upon in the fiscal year 2009 did not affect the accounting of expenses of the stock options.

No stock options were granted in the fiscal year 2009.

The stock options granted by telegate AG are shown in the balance sheet, in accordanc with the regulations of IFRS 2 "Share-based payment" (in connection with IFRIC 8).

Total expenses for share-based payments recorded in the profit and loss statement amounted to kEUR 227 in the fiscal year 2009 (2008: kEUR 281).
The actual fluctuation during the fiscal year was taken into consideration in the cost estimate accordingly.

The development of the stock option during the fiscal year is as follows:

	2009		2008	
	Number of stock options	Weighted average exercise price (in EUR)	Number of stock options	Weighted average exercise price (in EUR)
Outstanding as of January 01	699,375	13.72	408,375	16.00
Granted	-	-	319,000	11.01
Forfeited	-48,125	15.30	-28,000	16.09
Outstanding as of December 31	651,250	13.60	699,375	13.72
Exercisable as of December 31	-	-	-	-

Stock options outstanding as of December 31, 2009 were either still within the contractual retention period or could not be exercised due to failure to fulfill the targets.

	Exercise price (in EUR)	Outstanding options as of December 31, 2009	Weighted average contractual remaining life (in years)
Tranche June 2008	11.01	311,500	0.5
Tranche May 2006	16.09	318,750	-
Tranche May 2005	14.28	21,000	-

The group applies the modified Black-Scholes Options-Pricing-Model for measurment of the stock options granted.

The fair value of the stock options on the fixed day of granting was as follows:

	Tranche June 2008	Tranche May 2006	Tranche May 2005
Fixed day of measurement	June 30, 2008	May 31, 2006	May 31, 2005
Fair value of stock options (EUR)	1.48	2.28	1.87

Following parameters were integrated in the modified Black-Scholes Options-Pricing-Model:

	Tranche June 2008	Tranche May 2006	Tranche May 2005
Average share price (in EUR)	11.01	16.09	14.28
Exercise price (in EUR)	11.01	16.09	14.28
Expected volatility (%)	32.3	27.2	23.8
Risk-free interest rate (%)	4.5	3.3	2.2
Expected dividends (%)	7.3	4.0	2.5
Expected term (in years)	2.25	2.25	2.25

The expected volatility for the tranche in June 2008 was made by calculating the average historical volatility of the telegate share price over a 2.25-year period before the measurement date.

The term of contract of the stock options, which forms the basis for the expected duration, was adjusted by the management according to the best possible estimation, in order to take into consideration the particularities of employee stock options, such as non-transferability and limited exercising.

36. Other financial liabilities and claims

Future minimum expenses within the scope of non-redeemable agreements with an original duration of one year and up are as follows:

Liabilities from marketing and EDP-service level agreements

Fiscal year as of December 31	kEUR
2010	2,601
2011	1,172
2012	629
2013	96
2014	96
Subsequent years	2

Liabilities from rental and leasing agreements

Fiscal year as of December 31	kEUR
2010	4.520
2011	2.719
2012	1,504
2013	1,394
2014	1,207
Subsequent years	701

Claims from leasing agreements

At the same time, there are future minimum earnings from non-callable subleases as of the balance sheet date and they are as follows:

Fiscal year as of December 31	kEUR
2010	53
Subsequent years	106

37. Contingent liabilities and contingent claims

If the outflow of economically useful resources is probable, the risk that the company is exposed to is reflected in a provision in the financial statement. In the event of a possible yet unlikely outflow, in accordance with IAS 37.86, the financial impact shall instead be described as a contingent liability in the notes to the financial statements.

Inversely to contingent liabilities, contingent assets shall not be recorded in the balance sheet (IAS 37.31), but are subject to a disclosure obligation, in accordance with IAS 37.89, if the future inflow of resources is likely. If the respective profit realization is considered practically certain, however, the general estimate criteria for assets (IAS 37.33) apply, so that the position can be recorded as claim.

Legal disputes

As of the balance sheet date, the company is party to a number of different court proceedings regarding data costs, both as plaintiff and as defendant (active-/passive proceedings).

The occurrence of risks from the passive proceedings of Datagate GmbH and the related outflow of resources was classified as unlikely by legal advisers following a detailed review. These events are therefore not taken into account as contingent liability.

In addition, within the scope of active proceedings, telegate AG as well as Datagate GmbH and telegate Media AG are plaintiffs in a number of actions centering around data costs.

telegate AG, Datagate GmbH as well as telegate Media AG brought actions for the recompensation of excessively invoiced costs of participant data from the years 1997 to 2004. In May 2007, the OLG Duesseldorf (German Higher Regional Court) ordered DTAG in the telegate claim to make a payment of EUR 52 m, in addition to interest payable as from the commencement of the proceedings. With judgment of October 13, 2009, the BGH (Federal High Court of Justice) overturned the judgement of the Higher Regional Court Duesseldorf and referred the case back to the Higher Regional Court. The court’s reasoning was not yet made available. In June 2007, the Higher Regional Court Duesseldorf again ordered DTAG in the Datagate claim to make a payment of EUR 30.5 m, in addition to interest payable as from the commencement of the proceedings. An appeal was not admitted in this case, so that DTAG filed an appeal against denial of leave to appeal. A judgment has not yet been reached in this matter. Furthermore, following the application by telegate Media AG, the Higher Regional Court Duesseldorf ordered DTAG to make a payment of EUR 2.9 m. A judgment regarding DTAG’s appeal against denial of leave to appeal has not yet been reached.

With regard to the above-name active proceedings, telegate AG, Datagate GmbH and also telegate Media AG estimate that they have positive chances of success.

Tax risks

Within the telegate Group, tax risks can be ruled out for the periods, which have already been subject to review by the tax authorities in the respective countries. The essential corporate companies were reviewed up until and including 2007 (telegate Media AG), 2006 (Telegate Italia S.r.L.) and 2004 (telegate AG, Datagate GmbH, telegate Akademie GmbH, WerWieWas GmbH). By experience, as far as the periods, which have not yet been reviewed, are concerned both tax risks and tax chances cannot be ruled out.

Delayed purchase price payment (earn out - regulation)

telegate AG sold the wholly-owned French subsidiary 118000 SAS to the management of 118000 SAS as well as Newfund, a private equity fund, on November 02, 2009. Apart from the purchase price, an earn out – regulation was agreed within the scope of the transaction.

Guarantees

The company provide guarantes in the amount of kEUR 192 (2008: kEUR 342) as of December 31, 2009, in order to collateralize leasing liabilities incurred towards third parties.

Together with its house banks, the company agreed on credits by way of bank guarantees in the amount of kEUR 2,200, which in turn are collateralized towards the house banks by a guaranty bond amounting to kEUR 1,000 (2008: kEUR 1,000). The credit by way of bank guaranties enables the subsidiaries of telegate AG to utilize credits by way of bank guaranties at the house banks' branch offices in the above-mentioned amount both in Germany and abroad.

38. Number of employees

The following table shows the number of employees of the telegate group. The managment board, employees on parental leave, trainees and team leader trainees were not included in the calculation.

Fiscal year 2009	Fixed day December 31, 2009		Annual average	
	Total	Headcount full-time employees	Total	Headcount full-time employees
telegate group				
Total	2,890	2,080	2,996	2,112
Operators thereof	2,397	1,615	2,516	1,652

Fiscal year 2008	Fixed day December 31, 2008		Annual average	
	Total	Headcount full-time employees	Total	Headcount full-time employees
telegate group				
Total	3,063	2,147	2,980	2,098
Operators thereof	2,625	1,735	2,586	1,719

39. Auditor´s remunerations

In the fiscal year 2009, the remunerations of the auditor (Ernst & Young GmbH, auditing company, Munich) taken into account in the profit and loss statement in the fiscal year 2009, is composed as follows:

in kEUR	2009
Annual audit	211
Other certification or measurement services	46
Total	**257**

40. Financial risks

The group has different financial assets at its disposal, e. g. trade accounts receivable and cash and cash equivalents resulting directly from the group´s business operations.

The majority of the financial liabilities used by the group comprise trade accounts liabilities as well as available overdrafts, which were hardly made used in the fiscal year.

In the fiscal years 2009 and 2008, and according to expectations also in the coming fiscal years, there is no trade in derivatives.

The risks that arise from the financial instruments and could possibly affect the group are explained in more detail below:

Credit and default risk

The group conducts business exclusively with creditworthy third parties. The majority of customers were subject to a credit assessment and the receivables are also constantly monitored. Default risks are now accounted for by means of individual value adjustments and value adjustments on a portfolio basis, so that the group is not exposed to any additional significant default risk.

The group's default risk primarily results from trade accounts receivable. The amounts shown in the balance sheet are understood less the value adjustments of likely uncollectible receivables, which were estimated or subjected by the group's management board based on past experiences and the current economic situation respectively evaluated individual.

The maximum credit risk at the balance sheet date corresponds with the book value of each named class of financial assets in the following.

The company conducts business with a large number of customers. telegate AG has the majority of its sales revenues with end-customers in Germany centrally invoiced by Deutsche Telekom AG ("DTAG") (fiscal year 2009: 56 %; fiscal year 2008: 56%).

The share of receivables from DTAG from this invoicing contract of telegate AG's total receivables amounts to 32 % (2008: 37 %) as of December 31, 2009. In addition, DTAG is a very important supplier of advance performances for telegate AG. telegate AG leased a part of the German telephone line network from DTAG and receives a large proportion of the calls as well as some of the participant data required for telephone directory assistance services from DTAG via that network. If DTAG no longer uphold its contractual obligations, this could impair the company's operative result. However, based on DTAG's financial strength and profitability, the commitments arising from the deregulation of the telecommunications market and the existing emergency measures, this scenario can be ruled out from today's point of view. Both in Germany and in other European countries, outsourcing customers will be invoiced directly.

Liquidity risk

Financial instruments that could possibly lead to a concentration of the company's liquidity risk are mainly cash and cash equivalents. The company's liquid assets are made out exclusively in euro. The company continually monitors its positions with the financial institutions and the creditworthiness of the financial institutions, which are contractual partners of its financial instruments and does not consider there to be a risk of non-performance.

In addition, part of the cash equivalents are invested as fixed deposits with a duration of 3 months in an affiliated company (see note 41 “Related party business relationships”). The default risk of the fixed deposits is monitored using the appropriate indicators. The company does not consider there to be a risk of non-performance of the affiliated company as contractual partner.

The group’s financial commitments are subject to following due dates. The information is based on the contractual, non-discounted payments (see also note 25).

Fiscal year as of December 31, 2009 in kEUR	Mature daily	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Amount
Trade accounts payable	-	**20,396**	-	-	-	**20,396**

Fiscal year as of December 31, 2008 in kEUR	Mature daily	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Amount
Trade accounts payable	-	**24,433**	-	-	-	**24,433**

Interest rate risk

The group’s risk of changes in the interest rate results from the time deposits and the fixed deposits with permanently fixed interest rates. A change of the general interest rate level may result both in a lower income from interest and in increased income from interest compared with the market interest. However, since the fixed deposit investments are of a current nature and it is possible to terminate immediately, the group is currently not exposed to any considerable degree of interest rate risk in this respect.

The following table shows how sensitive the corporate earnings before taxes are compared to a change in the interest rates, which would possible after reasonable consideration. All other variables remain constant and the group´s equity is not significantly affected. Within this scope, only the current fixed deposit investment of a related company is taken into account (see also note 16).

	2009	2008
Increase/Decrease in basis points	+25	+25
	-20	-20
Effect on earnings before taxes in kEUR	130,01	122,51
	-104,01	-98,01

Currency risk

The main business transactions of the company are settled in EUR within Europe. Only a minor part of the procurement operations is made with other currencies ($, Swiss francs or Norwegian krone, among others). Basically, the corresponding amounts can be classified as irrelevant and thus no foreign currency risk arises.

Capital management

Equity includes no-par-value bearer´s individual share certificates. The main objective of the group´s capital management is to ensure to maintain a high credit rating and appropriate equity interest for the support of its business activity and maximization of the shareholder value.

The group manages its capital structure and makes adjustments considering the change of the economic conditions. The group may make adjustments of the dividend payments for shareholders or a repayment of capital to shareholders or issue new shares, in order to maintain or adjust the capital structure.

No amendments were made of the objectives, guidelines and procedures as of December 31, 2009 and December 31, 2008 respectively.

Fair value of financial instruments

The following table shows book values and fair values of all financial instruments recorded in the consolidated financial statements.

	Book value		Fair value	
in kEUR	2009	2008	2009	2008
Financial assets				
Cash and cash equivalents	59,932	53,461	59,932	53,461
Trade accounts receivable	48,481	58,110	48,481	58,110
Financial liabilities				
Trade accounts payable	20,396	24,433	20,396	24,433

The fair value of cash and cash equivalents corresponds with their book value. Trade accounts receivable are measured at amortized costs less value adjustments due to impairment. They correspond to the fair value. Cash as well as trade accounts receivable have short maturities.

Trade accounts liabilities are estimated with their repayment value, which corresponds to their fair value.

41. Related party operations

Business transactions between the company and its subsidiaries, which shall be considered as affiliated companies, were eliminated due to the consolidation and are not explained in this notes to financial statements.

Affiliated companies include telegate Holding GmbH (Planegg), which holds a 61.13 % majority share of telegate AG. In turn, all of telegate Holding's shares are held by SEAT Pagine Gialle S.p.A. (Milano, Italy). SEAT's direct share of telegate AG is 16.24 % and its indirect share – by the connection mentioned above – is 61.13 %. These figures have not changed since the previous year.

The dominating parent company mentioned above is SEAT Pagine Gialle S.p.A. (Milano, Italy).

Conditions of the related party operations

Services rendered or received are made at regular market conditions. Any open receivables and liabilities as per balance sheet date are not collateralized and interest-free. Value adjustments for receivables against affiliated companies were not created during the fiscal year (and the previous year). Financial investments yield interest at regular market conditions. Any interest income is recorded and included correspondingly with the accruals concept.

Related party transactions (companies)

Services rendered or received

During the fiscal year 2009, Telegate Italia S.r.L., a wholly-owned subsidiary of telegate AG, along with its SEAT Group, generated an income from services rendered of EUR 20.7 m (2008: EUR 24,2 m). As of the balance sheet date, Telegate Italia S.r.L. has registered EUR 5.3 m (2008: EUR 6.0 m) of receivables against the SEAT Group, as well as liabilities to the SEAT Group amounting to EUR 16.4 m (2008: EUR 18.0 m). In addition, there is a receivable for net EUR 0.6 m (2008: EUR 0.3 m), which represents a tax claim against the Italian tax authorities. Due to the establishment of a corporation tax group with SEAT, this claim now also relates to that company.

As of the balance sheet date of the previous year, telegate 118000 SAS, which at that time was also a wholly-owned subsidiary of telegate AG, registered short-term deferred liabilities against SEAT of EUR 0.1 m. The corresponding expenditures amounted to EUR 0.1 m. In the fiscal year 2009 no services were availed of. This French subsidiary was sold as of November 2, 2009 (please see note 13).

Fixed deposit investments

Since February 2004 telegate AG invested in fixed term deposits with SEAT Pagine Gialle S.p.A. and telegate Auskunftsdienste GmbH has done so since June 2009. As of December 31, 2009, EUR 57.5 m were invested in SEAT (2008: EUR 50.5 m). The interest income resulting from this amounted to EUR 2.1 m in the fiscal year 2009 (2008: EUR 2.8 m). As of the balance sheet date, EUR 0.4 m were split from this amount (2008: EUR 0.4 m) and declared as other current assets.

Related party transactions (persons)

As of December 2009, 3 employees of the SEAT Group were members of the telegate AG supervisory board. These persons were entitled to reimbursements amounting to kEUR 34 in the fiscal year 2009 (2008: kEUR 34), which were recorded correspondingly as a current liability.

Remuneration of persons in key positions of the management

This disclosure is made under note 45 "Disclosures about the corporate bodies of telegate AG".

42. Presentation of the group´s annual results in the form of the classic cost-of-sales accounting format

According to IAS 1.88, a company may present its profit and loss statement using either the total expenditure format or the cost-of-sales accounting format. telegate has opted for the cost-of-sales accounting format. This outline is in accordance with the minimum requirements stipulated by IAS 1.81 and 1.82. Whenever it seemed conducive for clarifying the corporation's profit situation, some additional items were entered into the outline (IAS 1.83).

External users of financial statements may prefer the full presentation rather than the outline by the classic cost-of-sales accounting format. In order to accommodate them, a bridge was drafted, trying to close the gap between the extended presentation of the corporation's profit and loss statement and the outline according to classic cost-of-sales accounting format.

Below is the reconciliation of the earnings for the fiscal year 2009:

in kEUR	Expanded cost-of-sales accounting format	Reclassification	Cost-of-sales accounting format (IAS 1.92)
Continuing operations			
Revenues	153,889	0	153,889
Cost of revenues	-67,195	-10,113	-77,308
Gross profit (excl. depreciation and amortization)	**86,694**	**-10,113**	**76,581**
Advertising costs	-12,662	-3,393	-16,055
Personnel costs (only administration and marketing)	-25,527	25,527	0
Depreciation and amortization	-10,466	10,466	0
Ohter administrative expenses	-16,446	-22,487	-38,933
Other operative income/expense	2,296	0	2,296
Total operative expenses	**-62,805**	**10,113**	**-52,692**
Operating income	**23,889**	**0**	**23,889**
Interest income/expenses	2,021	0	2,021
Gain/loss from financial assets and marketable securities	64	0	64
Gain/loss on foreign currency translation	-4	0	-4
Financial income	**2,081**	**0**	**2,081**
Income before income tax	**25,970**	**0**	**25,970**
Current income tax	-7,710	0	-7,710
Deferred income tax	871	0	871
Income tax expense	**-6,839**	**0**	**-6,839**
Income from continuing operations	**19,131**	**0**	**19,131**
			-
Discontinued operations			
Income from discontinued operations	-3,068	0	-3,068
Net income	**16,063**	**0**	**16,063**
Attributable to:			
Equity holders of the parent	16,052	0	16,052
Minority interests	11	0	11

To allow presentation in the classical cost-of-sales accounting format, the following reclassifications were made as of December 31, 2009.

1. Reclassification of depreciation and amortization on fixed assets and intangible assets respectively which was accounted for separately. These are now included in the cost of revenues (kEUR 10,113) and the other administrative expenses (kEUR 353).
2. Splitting of the personnel costs into other administrative expenses (kEUR 22,134) and distribution costs (kEUR 3,393).

Below is the reconciliation of the earnings for the fiscal year 2008:

in kEUR	erweitertes UKV	Umgliederungen	UKV (IAS 1.92)
Continuing operations			
Revenues	164,113	0	164,113
Cost of revenues	-70,270	-9,187	-79,457
Gross profit (excl. depreciation and amortization)	**93,843**	**-9,187**	**84,656**
Advertising costs	-16,898	-2,838	-19,736
Personnel costs (only administration and marketing)	-24,371	24,371	0
Depreciation and amortization	-9,561	9,561	0
Ohter administrative expenses	-16,529	-21,907	-38,436
Other operative income/expense	6,444	0	6,444
Total operative expenses	**-60,915**	**9,187**	**-51,728**
Operating income	**32,928**	**0**	**32,928**
Interest income/expenses	2,684	0	2,684
Gain/loss from financial assets and marketable securities	9	0	9
Gain/loss on foreign currency translation	-1	0	-1
Financial income	**2,692**	**0**	**2,692**
Income before income tax	**35,620**	**0**	**35,620**
Current income tax	-10,751	0	-10,751
Deferred income tax	-429	0	-429
Income tax expense	**-11,180**	**0**	**-11,180**
Income from continuing operations	**24,440**	**0**	**24,440**
Discontinued operations			
Income from discontinued operations	-189	0	-189
Net income	**24,251**	**0**	**24,251**
Attributable to:			
Equity holders of the parent	24,346	0	24,346
Minority interests	-95	0	-95

To allow presentation in the classical cost-of-sales accounting format, the following reclassifications were made as of 31 December 2008.

1. Reclassification of depreciation and amortization on fixed assets and intangible assets respectively which was accounted for separately. These are now included in the cost of revenues (kEUR 9.187) and the other administrative expenses (kEUR 374).
2. Splitting of the personnel costs into other administrative expenses (kEUR 21.533) and distribution costs (kEUR 2,838).

43. Disclosure requirements according to German accounting (HGB – German Commercial Code)

In accordance with section 315a HGB, telegate, who is required to apply international accounting standards in accordance with article 4 of provision no. 1606/2002 of the European Parliament and the European Council dated July 19, 2002, is required to supplement its consolidated financial statements with the following additional annex data:

Section 313 subsection 2 no. 1 HGB: Names and headquarters of the subsidiaries included in the consolidated financial statement, share of the subsidiaries' capital which belongs to the parent enterprise and to the subsidiaries included in the consolidated financial statement (please see note 1 under "Consolidated companies").

Section 314 subsection 1 no. 4 HGB: The average number of employees of the subsidiaries included in the consolidated financial statement for the financial year, divided into groups, as well as the personnel costs incurred in the financial year (please see note 38 "Number of Employees" and note 8 "Personnel costs").

Section 314 subsection 1 no. 6 HGB: For the members of the management board, supervisory board, committee or any similar institution of the parent company, for each group of persons at a time, the entire remuneration amounts they received for fulfilling their tasks within and on behalf of the parent company and its subsidiaries during the financial year. In addition to the remunerations for the financial year, all other remunerations have to be stated which were received during the financial year but which are not listed in any consolidated financial statement (please also see note 45 "Details of telegate AG's business organs").

Following the decision of the shareholders' meeting of May 15, 2006, the company has declared to avail of the regulations provided in section 286 subsection 5 HGB with regard to the information provided in accordance with section 314 subsection 1 no. 6 BS a sent. 5 to 9 HGB in conjunction with section 314 subsection 2 sent. 2 HGB.

Section 314 subsection 1 no. 8 HGB: For each listed company included in the corporate statement, that the statement of accounts stipulated according to section 161 of the Stock Corporation Law has been issued and made available to the shareholders (see also note 46: "Corporate Governance Code").

Section 314 subsection 1 no. 9 HGB: Insofar as this is a parent company which avails of an organised market according to section 2 subsection 5 of the Securities Trading Act has remunerated the auditor of the corporate statement according to section 319 subsection 1 no. 1, 2 HGB for

- Auditing the annual account,
- Additional confirmation or measurement services,
- Tax consulting services,
- Any other services rendered to the parent company or the subsidiary.

See also note 39: "Auditor's remunerations".

44. Events after the balance sheet date

The liquidation of mobilSafe AG i.A. was registered in the commercial register as of January 29, 2010.

The consoliated financial statements of the telegate group for the fiscal year 2009 were released for publication by the management board on February 03, 2010.

45. Disclosure of the corporate bodies of telegate AG

Supervisory board of telegate AG

	Member since/ Occupation	Additional assignments in the fiscal year (*):
Mr. Jürgen von Kuczkowski	Chairman of the supervisory board (since October 01, 2007), since May 15, 2006, former chairman of the management board of Vodafone D2 GmbH, Gauting	• Vodafone Holding GmbH, Duesseldorf, chairman of the supervisory Board
Ms. Ilona Rosenberg	Vice-chairwoman of the supervisory board (since May 15, 2006), since January 30, 2001, employee (operator), Rostock	--
Dr. Arnold R. Bahlmann	Since May 15, 2006, Independent consultant, Munich	• Permira, Frankfurt, member of the Industrial Advisory Board • Business Gateway AG, Starnberg, supervisory board • TVN Group, Warsaw, Poland, supervisory board • YOC AG, Berlin, supervisory board • Senator Entertainment AG, Berlin, supervisory board • Freenet AG, Hamburg, supervisory board • Germany 1 Acquisition Ltd., Guernsey, Channel Islands, supervisory board
Mr. Alberto Cappellini	Since June 23, 2009, CEO, Seat Pagine Gialle S.p.A., Turin, Italy	• TDL Infomedia Ltd., Farnborough (Hampshire), Großbritannien, Chairman • Thomson Directories Ltd., Farnborough (Hampshire), Großbritannien, Chairman • Seat Corporate University S.c.a.r.l., Turin, Italien, Chairman/Director
Mr. Massimo Cristofori	Since September 19, 2008, CFO, Seat Pagine Gialle S.p.A., Turin, Italy	• TDL Infomedia Ltd., Farnborough (Hampshire), Great Britain, director • Thomson Directories Ltd., Farnborough (Hampshire), Great Britain, director
Mr. Paolo Giuri	Since December 15, 2007, CEO, EURpages S.A., Nanterre, France	• EURpages Benelux SPRL, Brussels, Belgium, Gérant
Ms. Brunhilde Görs	Since July 01, 2009, employee (staff planner), Guestrow	--
Mr. Jürgen Heinath	Since January 30, 2001, employee (head of Call Center projects), Neubrandenburg	• Interact Tele Service AG, Neubrandenburg, supervisory board • Telemarketing Initiative M-V e. V., Schwerin, chairman of the advisory board
Ms. Anett Kaczorak	Since May 15, 2006, chairwoman of the works council, employee (operator), Neubrandenburg	--
Ms. Birgit Labs	Since February 20, 2001, employee (specialist process control), Neubrandenburg	--
Mr. Stanislas Laurent	Since March 15, 2005, CEO, Photoways Group, London, Great Britain	• Photoways Inc., Delaware, U.S.A, director • PhotoBox Ltd., London, Great Britain, director

Ms. Silke Lichner	Since May 15, 2006, Datagate GmbH, vice-chairwoman of the works council, employee (editorial staff), Neubrandenburg	--
Mr. Luca Majocchi	From November 04, 2003 to May 28, 2009, CEO, SEAT Pagine Gialle S.p.A., Turin, Italy	• TDL Infomedia Ltd., Farnborough (Hampshire), Great Britain, chairman • Thomson Directories Ltd., Farnborough (Hampshire), Great Britain, chairman • Seat Corporate University S.c.a.r.l., Turin, Italy, chairman • Eniro AB, Stockholm, Sweden, member of the board • Katalog Yayin ve Tanitim Hizmetleri A.S., Istanbul, Turkey, chairman
Ms. Daniela Lübbert	From November 06, 2003 to June 30, 2009, vice-chairwoman of the works council, employee (assistant), Schwedt	--

(*) A strict separation between supervisory board and management board bodies, as stipulated by German law, does not always exist in an international context. Therefore, also mandates are disclosed, which both have characteristics of supervisory boards and management boards.

In accordance to the announcement of the management board on June 27, 2000, the supervisory board of telegate AG is to be set up in accordance with the regulations of sections 96 (1) 101 (1) AktG (German Stock Company Law) in connection with sections 1 (1), 5 (1) and 7 (1) of the German Codetermination Law 1976. The supervisory board consists of six members to be appointed by the shareholders' meeting and six members to be appointed by employees since 2001

Management board of telegate AG

		(Supervisory board) mandates in the fiscal year (*):
Dr. Andreas Albath	Chairman of the management board, attorney, Martinsried/Munich, esponsible for the fields Germany/Austria, marketing strategy, law, regulation, Human Resources and corporate communications	• Interactive AG, Bochum, supervisory board • Endurance Capital AG, Munich, supervisory board • mobilSafe AG i.A., Martinsried, supervisory board • telegate Media AG, Essen, chairman of the supervisory board
Dr. Paolo Gonano	Member of the management board, Master of Business Administration, Turin, responsible for all international fields	• Telegate Italia S.r.L., Turin, Italien, Director • 11811 Nueva Información Telefónica S.A.U., Madrid, Spain, Director • telegate 118000 SARL, Paris, France, Director
Mr. Ralf Grüßhaber	Member of the management board, Dipl.-Betriebswirt (FH), Martinsried/Munich, responsible for the fields finances, purchase, technologyand operative strategy	• Telegate Italia S.r.L., Turin, Italy, director • telegate 118000 SARL, Paris, France, director • Uno Uno Ocho Cinco Cero Guias S.L., Madrid, Spain, director • mobilSafe AG i.A., Martinsried, Liquidator • telegate Media AG, Essen, supervisory board

(*) A strict separation between supervisory board and management board bodies, as stipulated by German law, does not always exist in an international context. Therefore, also mandates are disclosed, which both have characteristics of supervisory boards and management boards.

Management board remuneration

The human resources committee of the supervisory board regularly deliberates on and reviews the structure of the remuneration model for the management board. Based on the suggestions provided by this body, the plenum of the management board then fixes the total remuneration for the individual management board members.

The remuneration model for the management board shall be attractive and appropriate to compete for highly qualified management personnel. Criteria for the appropriateness of remuneration are, in particular, the duties of the respective management board member, his personal performance as well as the economic situation, success and future prospects of the company in the context of the peer group.

Remuneration system in general

The management board's remuneration consists of fixed (performance-independent) and performance-related components. The performance-independent components comprise a fixed salary and benefits in kind, while the performance-related components are made up of bonuses and a component with long-term incentive effects. Furthermore, the members of the management board have received pension benefits.

As a basic remuneration element independent of the annual performance, the fixed salary is paid out as monthly salary. It is pegged to the income schedule that is defined by the supervisory board. This schedule takes account of the current situation and the planning/targets of the telegate group, as well as the criteria that must be observed according to Section 87 (1) AktG and the German Corporate Governance Codex. The benefits in kind essentially comprise the value recognized by taxation guidelines for the usage of a company car. The taxes due for that company car are paid by the individual management board member.

Loans or advances were not granted to management board member in the year under review.

The bonus payment constitutes one element of the performance-related remuneration. It is contingent on achieving key targets that are most important for increasing the company's enterprise value. Sales as well as earnings targets from the annual budget plan, which is subject to approval by the supervisory board in the framework of a 3-year plan, serve as benchmark figures, as well as other quantitative and qualitative goals that form the basis for the sustainable implementation of the company's medium-term goals. This remuneration component acts as an incentive for the management board's successful work and constitutes an important element in the total cash remuneration. It can be as high as 55 % of said cash remuneration.

Remuneration in 2009

As required by German law, the remuneration of the management board has been published since the financial year 2006. On 15 May 2006, the shareholders' meeting decided to make use of the so-called opting-out clause, so telegate reports the management board's remuneration as a total sum.

In financial year 2009, remuneration of the management board pursuant to IAS/IFRS amounted to a total of 1,142 kEUR (2008: 1,355 kEUR).

Of this total, 520 kEUR (2008: 490 kEUR) account for the fixed salaries, and 540 kEUR (2008: 616 kEUR) for the bonuses. The value of the benefits in kind amounted to 36 kEUR (2008: 36 kEUR).

In financial year 2009, no stock options were granted to the management board (2008: 105,000). Please refer to note 35 "Share-based payment".

The members of the management board have received pension guarantees of 46 kEUR (2008: 59 kEUR) pursuant to IAS/IFRS. These amounts basically depend on the duration of employment and the salary of each management board member. The pension guarantee is only linked to the fixed salary component. For details please refer to note 29 "Old age pension schemes".

in EUR	2009	2008
Fixed salary	520,000	490,000
Bonus	540,446	615,833
Benefits in kind	35,630	35,700
Pension guarantees	45,763	58,566
Total not including stock options	**1,141,839**	**1,200,099**
Stock options	0*	155,400**
Total including stock options	**1,141,839**	**1,355,499**

* In financial year 2009, no stock options were granted to the management board members.
** In financial year 2008, 105,000 stock options were granted to the management board members.

In the past financial year, no member of the management board has received any remunerations or guarantees from a third party with regard to their activity as a management board member. Management board and supervisory board assignments respectively within the group were and are not remunerated.

There are no other salary components in addition to the above remunerations in cash and in kind.

Supervisory board remuneration

The remuneration of the supervisory board is regulated according to § 4.6 of the Articles of Incorporation. It is based on the tasks and responsibilities of the members of the supervisory board.

In addition to the reimbursement of expenses incurred, each member of the supervisory board receives a fixed annual remuneration amounting to 10 kEUR. This amount is payable after the shareholders' meeting which decides on the discharge of the supervisory board for the closed financial year. The chairman receives double and the vice chairman 1.5 times this amount. Supervisory board members who belonged to this body for a part of the financial year only receive time-proportional remunerations. If any member did not attend a minimum of 75 % of all supervisory board meetings, remuneration is cut by 50 %.

In addition to the basic remuneration, participation in a committee of the supervisory board is compensated by a flat amount of 1 kEUR per annum, provided that the committee held any meetings during the financial year and that the member attended at least one of the committee meetings.

In financial year 2009, the remuneration of the supervisory board amounted to 146 kEUR (2008: 148 kEUR).

In addition to the above remuneration, no member of the supervisory board has received any further remunerations or benefits for services rendered personally, especially consulting and mediation services, in the year under review. No loans or advances were granted to the supervisory board members in the year under review.

46. German Corporate Governance Code

JOINT DECLARATION OF COMPLIANCE
of the management board and supervisory board of telegate AG in accordance with section 161 AktG (German Corporation Law) regarding the Corporate Governance Code

The German Corporate Governance Code was adopted by the "Government Commission German Corporate Governance Code" on February 26, 2002 and was revised multiple times in the meantime. The current version is of June 18, 2009, as amended. The code describes the essential statutory provisions with regard to the management and supervision of listed German companies (management) and includes international and national accepted standards for efficient and responsible management.

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 on December 03, 2009. The exact wording of the declaration can be retrieved under **www.telegate.com**.

Planegg-Martinsried, February 3, 2010

The management board

Audit opinion

We have audited the consolidated financial statements prepared by telegate AG, Planegg-Martinsried, comprising the balance sheet, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and the notes to the financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2009. The preparation of the consolidated financial statements in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks relating to future development.

Munich, 9 February 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Broschulat
Wirtschaftsprüfer
[German Public Auditor]

Gallowsky
Wirtschaftsprüfer
[German Public Auditor]

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telegate on the Web

More information on telegate AG and telegate Group can be found on our website **www.telegate.com**.
Information about single brands and subsidiaries respectively are available at:
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www.telegate.de
www.telegate.at
www.telegate.it
www.telegate.es

PDF files of our Annual Report as well as interim reports, Investor Presentations and general investor information are available on our website in the section Investor Relations/Reports and can be downloaded in both German and English.

Quarterly telephone conferences are published via Webcast on the day of announcement.

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Auditor

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
München

Forward-looking statements

This document contains forward-looking statements that reflect management‘s current views with respect to future events. Such statements are subject to risks and uncertain-ties that are beyond telegate‘s ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regula-tors. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. telegate does not intend or assume any obligation to update any forward-looking statements to reflect events or circum-stances after the date of these materials.

Glossary

AGCOM
Autorità per la Garnzie nelle comunicazioni – Authority that regulates the Italian telecommunications market

AktG
Aktiengesetz – German Stock Corporation Act

ARCEP
L' Autorité de Régulation des Communications Electroniques et des Postes (Formerly: ART-Autorité de régulation des télécommunications) – Authority that regulates the French telecommunications market

Bundesnetzagentur (Federal Network Agency)
Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen (Federal Network Agency for Electricity, Gas, Telecommunications, Postal Services, and Railways) – Authority that regulates the corresponding markets in Germany – (Formerly: RegTP; Regulierungsbehörde für Telekommunikation und Post (Regulatory Authority for Telecommunications and Postal Services))

Call centre services
Call centre services are very diverse and range from directory assistance and information services over intelligent sales force supervision and customer service all the way to telesales

Cash flow
Financial income of a company, that is, the net gain in liquid assets, normally within a fiscal year

CMT
Comisíon del Mercado de Telecomunicaciones – Authority that regulates the telecommunications market in Spain

COGS
Cost Of Goods Sold – Describes the direct expenses incurred in producing a particular good for sale, including the actual cost of materials that comprise the good, and direct labor expense in putting the good in salable condition.

Corporate governance codex
Essential government regulations for the management and control of German listed companies

Dividend yield
The dividend yield is defined as the dividend per share divided by a determined period-end exchange rate

DTAG
Deutsche Telekom AG – Former German monopolist

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation, and amortization

EUGH
European Court of Justice

FASB
Financial Accounting Standards Board – independent organization, which develops the US-American standards for balance sheet reporting, evaluation and disclosure

France Télécom
France Telecom – Former French Monopolist

HGB
Handelsgesetzbuch (German Commercial Code)

IAS
International Accounting Standards – International accounting standards developed and published by the IASC

IASB
International Accounting Standards Board

IASC
International Accounting Standards Committee – Independent organization under private law, which was responsible for adopting accounting standards; precursor of the IASB

IFRS
International Financial Reporting Standards – International financial reporting standards developed and published by the IASB

Recapitalization
Increase in the company's equity: For corporations – increase of registered capital by issuing new shares

Market capitalization
The market capitalization – also known as stock exchange capitalization or market value – of a corporation is calculated by multiplying the company's share price by the number of shares issued and outstanding Outsourcing Delegating functions or subtasks to external companies or service providers

Outsourcing partner
Company that provides directory assistance services for telegate under an outsourcing agreement (e. g. E-Plus, Arcor, and ventelo)

Private equity
Private equity – Capital provided to an unlisted company for the medium to long term

Telephone number range
Range of telephone numbers for which a certain number sequence is prescribed. For example, all directory assistance telephone numbers in Germany begin with the number sequence 118. In its assignment rules for directory assistance, the Bundesnetzagentur (Federal Network Agency) says: "Directory assistance telephone numbers are structured as follows: Directory assistance identification number 118, provider ID = XY [...] Directory assistance numbers are always five digits in length."

Reverse telephone directory
With a reverse telephone directory, the name and address belonging to a particular telephone number can be found

SPG
Seat Pagine Gialle S.p.A.

TKK
Telekom-Kontrol-Kommission – Austrian regulatory Authority

UMTS
Universal Mobile Telecommunications System – A mobile radio telephone standard of the European Special Mobile Group, which permits broadband data transmission rates with transmission speeds of up to two megabits

Telecom Italia
Former Italian monopolist

Telefónica
Former Spanish monopolist

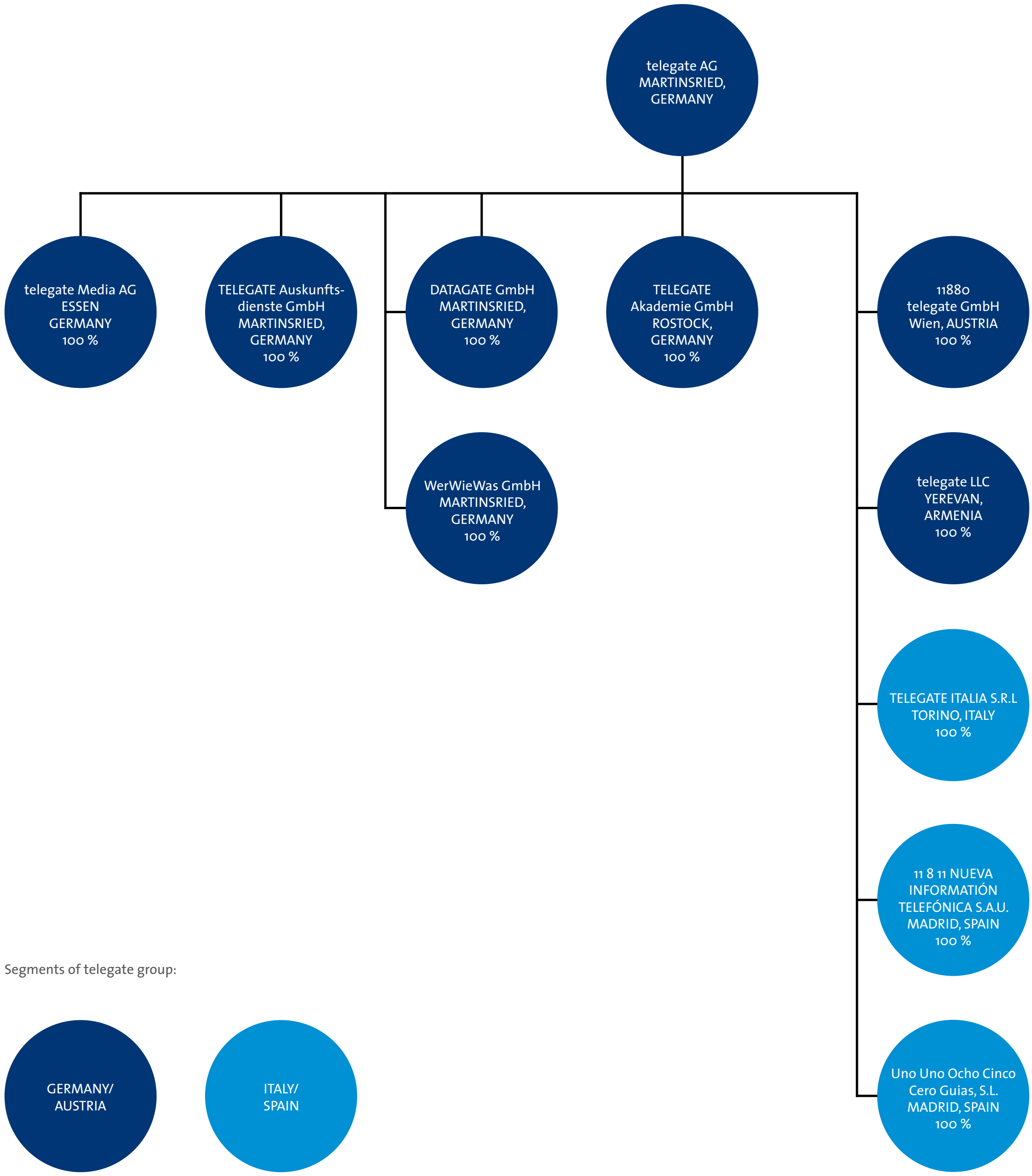
Venture capital
Venture capital; normally private equity capital commonly used by young companies or companies in their founding phase

WAP
Wireless Application Protocol – Standard for the display of text and graphics on mobile telephones

W-LAN
Wireless LAN – A wireless local radio network used to provide for network access for portable computers and other mobile devices

WpHG
Wertpapierhandelsgesetz (Securities Trade Act)

Corporate Structure telegate Group



Financial Calendar 2010

March 11, 2010	Publication of Corporate Annual Report (Financial press conference and analyst conference)
May 5, 2010	3-Month Report 2010
June 9, 2010	General Shareholders Meeting

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