3-Months Report
2015

telegate

11 88 0.com Da werden Sie geholfen.

klickTel Find people and places.

Content

Letter from the Management Board

Dear shareholders, customers and business partners,

We did a lot of hard work in the first quarter of 2015. After optimising a number of internal processes in the second half of 2014, we focused on building on these in the early months of the current financial year and on expanding our digital product portfolio in the interests of our customers.

Our customers and their offerings must be present wherever consumers are looking for products and services. In addition to Google, the social networks are becoming increasingly important in this context. Facebook alone has around 28 million users in Germany. This is the reason we have trained a special team of employees to look after product enhancement across the social networks. Starting in April, we will also offer our customers a professional Facebook profile with which they can draw attention to their products or services on the world's largest social network. The same service will be offered for Google's network platform Google+.

As already announced, we are stepping up our partnership with Google and are now the first major reseller of its new product, Business View, which provides a 360-degree tour of the business. Alongside the website we develop for our customers, Google Business View is an attractive product that allows them to give prospecting consumers a graphic impression of their company. Yet the 360-degree tour is not only informative; it is also fun. Intelligently linked to the customer's website and other services such as Google Maps, it adds the final touch to the entire package that we put together individually for small and medium-sized companies.

We are very confident that the new products will enable us to make further progress in our digital business in the medium term. If nothing else, our many years of experience in the digital marketing of enterprises stand us in good stead because we know where our customers can best be found by their new customers. At the same time, we take all the work off our business customers' hands: from advising to implementation to performance monitoring, we take care of the entire organisation and production of their online presence.

We are thoroughly convinced of our new range of products and appreciate your continued support in this endeavour. Thank you for your trust in our work!

Franz Peter Weber
Spokesman of the Management Board

Michael Geiger
Member of the Management Board

Key Financial Figures

in m Euro	3M 2015	3M 2014	Variance absolute	Variance in Percent
Revenues & profit Group				
Revenues	14.0	16.4	-2.4	-14.4%
EBITDA[1]	0.6	0.2	0.4	-
EBITDA[1] before non-recurring items	1.7	2.9	-1.2	-40.3%
Non-recurring items for data cost claims	0.1	0.0	0.1	-
Non-recurring items for relaunches	0.8	2.8	-2.0	-
Non-recurring items for adaption of structural costs	0.1	0.0	0.1	-
Net income	-1.8	-1.7	-0.1	-
Details Segment				
Revenues Digital	8.4	8.9	-0.5	-5.2%
EBITDA[1] before non-recurring items Digital	0.6	0.6	0.0	0.0%
Revenues Classic DA	5.6	7.5	-1.9	-25.4%
EBITDA[1] before non-recurring items Classic DA	1.1	2.4	-1.3	-
Balance Sheet				
Balance sheet total	57.6	101.5	-43.9	-43.3%
Cash, cash equivalents & financial assets	24.4	35.9	-11.5	-32.1%
Equity	45.8	59.9	-14.1	-23.6%
Equity ratio (in percent)	79.5%	59.0%	-	-
Cash Flow				
Cash flow from operations	-1.5	-2.0	0.5	-23.2%
Cash flow from investing activities	1.0	0.0	1.0	-
Net Cash Flow[2]	-1.7	-2.5	0.8	-31.6%
KPIs telegate share				
Earnings per share (in Euro)	-0.10	-0.09	-0.01	9.2%
Share price (in Euro)[3]	2.66	5.89	-3.23	-54.8%
Market capitalization	50.84	112.56	-61.7	-54.8%
Employeest				
Number of employees[4]	844	1045	-201	-19.2%

[1] Earnings before interest, tax and depreciationt

[2] cash flow from operations + cash flow from investing activities +/- interest income/expenses adjusted for non-recurring items from data cost litigation, the purchases and disposals of available for sale financial assets and the valuation of financial assets

[3] XETRA-closing prices as of last trading day

[4] Headcounts as of March 31

Management Report

In summary: 3-Months Report 2015

telegate had a positive start to the 2015 financial year. The processes optimised in 2014 were successfully implemented in the company. The group is continuously working on procedural improvements in all divisions for quality assurance purposes. In 2015, the focus will be on large-scale investments in new products and product enhancements. The first quarter of the year was dominated by preparations for the implementation of the new product portfolio, for which key partnership agreements were renewed (for example Google). In addition, customer segments were analysed with the aim of offering customised product concepts.

Earnings (EBITDA) before non-recurring items in the first quarter of 2015 are within the range of the guidance published. EBITDA including non-recurring expenses showed an increase compared with the prior-year period, remaining positive. In the first quarter of 2015 the digital business accounted for 60 percent of consolidated revenues. Revenues from traditional voice-based directory assistance declined by 25 percent as expected on account of the continuing downturn in the market. In the Digital division, revenues declined by 6 percent against the prior-year period – a consequence of the strategy to focus on sustainability and profitability. The group's costs showed an encouraging trend, with extensive measures generating a significant reduction in expenses compared with the prior-year period.

Financial situation

Results of operations

Consolidated revenues at the reporting date were € 14.0 million (previous year: € 16.4 million).

The consolidated cost of revenues was € 7.1 million in the first quarter of 2015, a decrease of 17 percent year-on-year (previous year: € 8.5 million). Adjusted for non-recurring items, the consolidated cost of revenues was € 6.7 million, down 16 percent on the prior-year figure (€ 7.9 million). This is due primarily to lower staff costs in overhead and sales.

Selling and distribution costs were reduced from € 6.9 million to € 6.4 million. Adjusted for non-recurring items, selling and distribution costs in the first three months of the current financial year were € 6.1 million, a € 0.3 million or 4 percent improvement (previous year: € 6.4 million).

The general administrative expenses incurred in the first three months decreased year-on-year from € 3.9 million to € 2.7 million. This can be attributed in particular to the adjustment of structural costs in the area of overhead.

Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by € 0.4 million to € 0.6 million from € 0.2 million in the prior-year period. Adjusted for non-recurring items, EBITDA amounted to € 1.7 million (previous year: € 2.9 million). This decrease results from the non-recurring items incurred in 2014 for the adjustment of structural costs as well as items related to the data cost litigation.

Earnings after taxes amounted to € -1.8 million in the first quarter (previous year: € -1.7 million).

Net assets and financial position

Capital expenditure

Capital expenditure in the first quarter of 2015 totalled € 1.1 million (previous year: € 1.4 million). This was essentially for the purchase of licences, production costs for intangible assets under construction and technical equipment. This figure also includes capitalised sales commission of € 0.5 million (previous year: € 0.4 million) arising from the sale of 24-month contracts as well as capitalised customer websites with a 24-month term in the amount of € 0.3 million (previous year: € 0.3 million).

Statement of financial position

As of 31 March 2015, total assets amounted to € 57.6 million, showing a marked decrease of € 43.9 million year-on-year (previous year: € 101.5 million).

Current assets declined from € 76.6 million to € 37.9 million. This is mainly due to the items relating to dividend payments for shares held in free float and the payments made to Telegate Holding GmbH and SEAT Pagine Gialle S.p.A. (formerly SEAT Pagine Gialle Italia S.p.A.) in the 2014 financial year. The dividend payments made in June and December 2014 led to a decrease in cash and cash equivalents and a reduction in the other financial assets of € 31.9 million in total. As of the 31 March 2015 reporting date, telegate had investments in liquid money market funds that are classified as available-for-sale financial assets. The fair value of these investments is € 20.7 million (previous year: € 27.9 million). Other current assets fell from € 2.7 million to € 1.9 million. This includes prepaid expenses which mainly relate to technology expenses paid but not yet recognised as an expense and direct selling expenses which are directly attributable to the sales order. The decline in trade accounts receivable is attributable to the downturn experienced in the directory inquiries business and the correspondingly lower sales volume.

As of the reporting date, the Group had non-current assets worth € 19.7 million (previous year: € 24.9 million). The decline by € 5.2 million stems from the decrease in property and equipment and intangible assets as a result of depreciation and amortisation.

On the liabilities side, current liabilities decreased significantly from € 28.1 million to € 9.6 million (previous year: € 37.7 million). The reason for this is mainly the reduction of other financial liabilities of € 24.2 million due to the dividend payment made in December to Telegate Holding GmbH and SEAT Pagine Gialle S.p.A. (formerly SEAT Pagine Gialle Italia S.p.A.).The accrued non-current liabilities fell by € 1.9 million from € 8.0 million to € 6.1 million).

telegate has no significant non-current liabilities, no liabilities in foreign currencies and no loan liabilities to banks.

Equity declined by € 14.1 million year-on-year to € 45.8 million (previous year: € 59.9 million). This is due to the reduction in retained earnings from € 8.7 million to € -5.5 million, which is primarily related to the dividend payment made and the net loss. On 31 March 2015, the equity ratio was 79.5 percent (31 March 2014: 59.0 percent).

Cash flow & financing

First-quarter cash flow from operations in 2015 amounted to € -1.5 million, compared to € -2.0 million during the prior-year period. This figure includes items related to data cost litigation. Adjusted for these items, the cash flow from operating activities amounted to € -0.7 million (previous year: € -0.5 million). Since the impact of annual payments – such as employee bonus payments – is felt more strongly in the first quarter, cash flow from operations in this period tends to be lower than that in the next three quarters.

The cash inflow from investing activities in the first three months amounted to € 1.0 million (previous year: € 0.0 million). The cash flow from investing activities includes the purchase and sale of liquid money market funds. Adjusted for these investments, the cash flow from investing activities improved by € 1.0 million year-on-year, from € -2.0 million to € -1.0 million.

The cash flow from financing activities was € 0.0 million in the first three months (previous year: € 0.0 million).

Net cash flow (cash flow from operations + cash flow from investing activities +/- interest income/expenses) improved year-on-year from € -2.0 million in the previous year to € -0.5 million in Q1 2015. Adjusted for non-recurring items from data cost litigation, the purchases and disposals of available for sale financial assets and the valuation of financial assets , the Q1 2015 figure is € -1.7 million (previous year: € -2.4 million).

Segment report

At € 8.4 million, revenues in the Digital business were slightly down year-on-year (previous year: € 8.9 million). The Digital business now accounts for around 60 percent of total revenue (previous year: 54 percent). EBITDA including non-recurring items for adjustments of structural costs, data costs and costs for relaunches in the Digital segment amounted to € 0.2 million (previous year: € -0.6 million). From a full cost perspective, three-month earnings (EBITDA) before non-recurring items were € 0.6 million (previous year: € 0.6 million).

The traditional directory assistance business accounted for € 5.6 million of total revenue (previous year: € 7.5 million). The decrease in this segment of € 1.9 million was not as high as in the previous year (€ 2.3 million). On a full cost basis, earnings (EBITDA) fell by € 0.3 million in the first three months to € 0.5 million (previous year: € 0.8 million). In addition to the continuing downturn in the market, non-recurring effects of € 0.6 million (previous year: € 1.5 million) arose in this segment, largely due to capacity adjustments. Adjusted for these items, EBITDA as of the reporting date amounted to € 1.1 million (previous year: € 2.4 million).

Outlook

Directory Assistance segment

The negative trend for call volume in the traditional directory assistance business is expected to continue over the course of the year. Actions to increase revenue per user and reduce expenditure – especially in terms of personnel and marketing – will be taken to limit the downturn in revenue and earnings as far as possible.

telegate expects the Directory Assistance segment to generate revenues of € 19-21 million in 2015. In 2014, segment revenues were € 27.7 million.

In terms of the development of earnings, telegate continues to plan posting EBITDA before non-recurring items of around € 2.5 to 3.0 million for the Directory Assistance segment in 2015. In 2014, EBITDA before non-recurring items amounted to € 7.7 million.

Digital segment

The main focus in the digital segment is on investments in products and brands with the aim of driving sustained revenue and customer growth. In the area of new customer business, sales efficiency will continue to be improved. This increase is to be achieved by implementing various measures, including the launch of new products, for example, as well as the further optimisation of sales processes and the continued implementation of measures to improve and ensure quality in all areas of the company.

In the existing customer business, two key figures remain especially important: the churn rate and the proportion of 24-month contracts. Further improvements in these figures are expected to be achieved through continuing process optimisation and product launches.

At group level, we expect the Digital segment to generate revenues comparable to the previous year. In 2014, segment revenues were € 34.6 million. As far as non-accrued revenues are concerned, the company expects noticeable growth in the second half of the financial year 2015.

Turning to the development of earnings in the Digital segment, telegate AG expects EBITDA before non-recurring items in 2015 of € -1.0 to 0.0 million due to the planned capital expenditure. By means of comparison, the figure for the last financial year was € 1.8 million.

Group
At group level, telegate expects to post revenues of € 52.0 to 56.0 million in 2015. In comparison, revenues in 2014 were € 62.3 million.

In terms of profitability, the group expects EBITDA before non-recurring items in 2015 to be in the range of € 2.0 to 3.0 million as a result of capital expenditure in the digital business. In comparison, earnings in 2014 before non-recurring items were € 9.4 million.

Employees

On 31 March 2015, the telegate Group had 844 employees (head count; excluding trainees, "minijobs" and dormant employment contracts). Year-on-year, this represents a decline of 19 percent (previous year: 1,045). This decline in numbers is largely due to a further, volume-related capacity reduction in the directory assistance business. This involved the consolidation of the call centre in Güstrow with the Rostock call centre. Furthermore, the headcount in administration and overhead were reduced in connection with the adjustment of structural costs.

Report on post-balance sheet date events

In a judgement delivered on 22 April 2015, the Düsseldorf Higher Regional Court dismissed an appeal by telegate AG in the action for damages against Deutsche Telekom AG with an amount in dispute of just under € 100 million (including interest). The right to further appeals was not granted. As soon as telegate AG receives the reasons for the judgement, the company will analyse the prospects of success of an appeal against refusal of leave to appeal.

Planegg-Martinsried, 27 April 2015
The Management Board

Consolidated Income Statement (IFRS)

in kEUR	3-Months Report (unaudited) 1.1 - 31.03.2015	1.1 - 31.03.2014*
Continuing operations		
Revenues	13,959	16,424
Cost of revenues	-7,095	-8,487
Gross profit	**6,864**	**7,937**
Selling and distribution costs	-6,361	-6,850
General administrative expenses	-2,723	-3,880
Other operating income	2	149
Other operating expense	-6	0
Operating income (loss)	**-2,224**	**-2,644**
Interest income	128	299
Interest expense	-5	-23
Gain (loss) from marketable securities	-21	9
Gain (loss) on foreign currency translation	2	0
Financial income (loss)	**104**	**285**
Income (loss) before income tax	**-2,120**	**-2,359**
Current income tax	26	-4
Deferred income tax	251	714
Income tax	**277**	**710**
Net income (loss) from continuing operations	**-1,843**	**-1,649**
Discontinued operations		
Net income (loss) from discontinued operations	-5	-44
Net income (loss)	**-1,848**	**-1,693**
Attributable to:		
Owners of the parent	-1,848	-1,693
Earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	-0.10	-0.09
Earnings per share for *continuing operations* for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	-0.10	-0.09

* Amount adjusted according to IAS 8 (details see note 3).
See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income (IFRS)

	3-Months Report (unaudited)	
in kEUR	**1.1. - 31.03.2015**	**1.1. - 31.03.2014***
Net income (loss)	**-1,848**	**-1,693**
Other comprehensive income (loss)		
Items that can be reclassified subsequently to profit or loss		
Available for sale financial assets - Changes of the fair value, net	18	-126
Available for sale financial assets - Reclassification to profit or loss, net	15	-5
Other comprehensive income (loss) after tax	**33**	**-131**
Total comprehensive income (loss)	**-1,815**	**-1,824**
Thereof from:		
Continuing operations	-1,810	-1,780
Discontinued operations	-5	-44
	-1,815	**-1,824**
Attributable to:		
Owners of the parent	-1,815	-1,824

* Amount adjusted according to IAS 8 (details see note 3).
See accompanying notes to the consolidated financial statements.

Consolidated Statement of Financial Position (IFRS)

ASSETS in kEUR	(unaudited) 31 March 2015	(unaudited) 31 March 2014*	31. Dec. 2014
Current assets			
Cash and cash equivalents	3,726	7,933	4,262
Trade accounts receivable	11,217	12,903	11,915
Current tax assets	165	389	145
Available for sale financial assets	20,669	27,990	22,606
Other financial assets	220	24,660	413
Other current assets	1,919	2,714	1,697
Total current assets	**37,916**	**76,589**	**41,038**
Non-current assets			
Goodwill	6,789	6,773	6,789
Intangible assets	9,588	12,892	10,439
Property and equipment	3,263	5,214	3,693
Other financial assets	15	15	15
Deferred tax assets	3	3	0
Total non-current assets	**19,658**	**24,897**	**20,936**
Total assets	**57,574**	**101,486**	**61,974**
LIABILITIES AND EQUITY in kEUR			
Current liabilities			
Trade accounts payable	961	1,146	1,634
Accrued liabilities	6,077	8,015	7,973
Provisions	150	1,140	156
Current tax liabilities	0	33	19
Other financial liabilities	0	24,235	0
Other current liabilities	2,383	3,137	2,106
Total current liabilities	**9,571**	**37,706**	**11,888**
Non-current liabilities			
Provisions	619	617	653
Provisions for retirement benefits	88	21	88
Deferred tax liabilities	1,531	3,258	1,765
Total non-current liabilities	**2,238**	**3,896**	**2,506**
Total liabilities	**11,809**	**41,602**	**14,394**
Equity			
Share capital	19,111	19,111	19,111
Additional paid in capital	32,059	32,059	32,059
Retained earnings	-5,504	8,744	-3,656
Other components of equity	99	-30	66
Equity attributable to owners of the parent	**45,765**	**59,884**	**47,580**
Total equity	**45,765**	**59,884**	**47,580**
Total liabilities and equity	**57,574**	**101,486**	**61,974**

* Amount adjusted according to IAS 8 (details see note 3).
See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows (IFRS)

in kEUR	(unaudited) 1.1. - 31.03.2015	(unaudited) 1.1. - 31.03.2014*
Cash flow from operating activities		
Income (loss) before income tax from continuing operations	-2.120	-2.359
Income (loss) before income tax from discontinued operations	-5	-44
Income (loss) before income tax	**-2.125**	**-2.403**
Adjustments for:		
Amortisation and impairment of intangible assets	1,927	1,715
Depreciation and impairment of property and equipment	474	542
Depreciation of current intangible assets	471	591
Gain (loss) on disposal of property and equipment	4	0
Interest income	-128	-299
Interest expense	5	23
Gain (loss) from marketable securities	21	-9
Gain (loss) on foreign currency translation	-2	0
Valuation allowance for trade accounts receivable	2	126
Gain (loss) from the sale of subsidiaries	5	44
Changes in non-current provisions	-35	256
Operating profit (loss) before changes in operating assets and liabilities	***619***	***586***
Changes in operating assets and liabilities:		
Trade accounts receivable	344	-212
Current intangible assets	-589	-706
Miscellaneous current assets	90	-403
Trade accounts payable	-347	332
Current provisions	-6	38
Accrued expenses and other current liabilities	-1,617	-488
Income taxes paid	-15	-1,127
Cash used in operating activities	**-1,521**	**-1,980**
Cash flow from investing activities		
Purchase of intangible assets excl. sales commissions	-550	-1,513
Purchase of sales commissions with contract period > 1 year	-502	-703
Purchase of property and equipment	-47	-60
Proceeds from sale of property and equipment	3	0
Disbursement (proceeds) for the sale of subsidiaries	-13	-19
Purchase of available for sale financial assets	-6,986	-6
Disposal of available for sale financial assets	8,950	2,000
Interest received	130	279
Cash provided by (used in) investing activities	**985**	**-22**
Cash flow from financing activities		
Interest paid	-4	-15
Cash used in financing activities	**-4**	**-15**
Effect of exchange rate changes on cash and cash equivalents	**4**	**0**
Change in cash and cash equivalents	**-536**	**-2,017**
Cash and cash equivalents at the beginning of reporting period	**4,262**	**9,950**
Cash and cash equivalents at the end of reporting period	**3,726**	**7,933**

* Amount adjusted according to IAS 8 (details see note 3).
See accompanying notes to the consolidated financial statements.

Consolidated Statement of Shareholders‘ Equity (IFRS)

in kEUR	Equity attributable to owners of the parent					
	Share capital	Additional paid in capital	Retained earnings	Other components of equity	Total	Total equity
Balance at January 1, 2015	**19,111**	**32,059**	**-3,656**	**66**	**47,580**	**47,580**
Net income (loss)	-	-	-1,848	-	-1,848	**-1,848**
Available for sale financial assets	-	-	-	*33*	*33*	***33***
Other comprehensive income	-	-	0	33	33	**33**
Total comprehensive income (loss)	**0**	**0**	**-1,848**	**33**	**-1.815**	**-1,815**
Balance at March 31, 2015	**19,111**	**32,059**	**-5,504**	**99**	**45,765**	**45,765**
Balance at January 1, 2014 *	**19,111**	**32,059**	**10,437**	**101**	**61,708**	**61,708**
Net income (loss)	-	-	-1,693	-	-1,693	**-1,693**
Available for sale financial assets	-	-	-	*-131*	*-131*	***-131***
Other comprehensive income	-	-	0	-131	-131	**-131**
Total comprehensive income (loss)	**0**	**0**	**-1,693**	**-131**	**-1,824**	**-1,824**
Balance at March 31, 2014	**19,111**	**32,059**	**8,744**	**-30**	**59,884**	**59,884**

* Amount adjusted according to IAS 8 (details see note 3).
See accompanying notes to the consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

1. Presentation of the interim consolidated financial statements

The business operations of the telegate group consisting of telegate AG and its subsidiaries comprise the performance of telecommunications services of all kinds, the design and marketing of information databases and marketing advertisements as well as the performance of DA services (directory assistance services) via the subscribers of public telephone networks and other DA services in Germany and abroad.

Telegate AG is a listed stock corporation under German law domiciled in Martinsried near Munich, Germany; it is the parent company of the telegate group.

The interim consolidated financial statements of telegate AG and its subsidiaries for the first three months ending 31 March 2015 were prepared in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the European Union.

All International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as well as the interpretations of the IFRS Interpretations Committee (IFRIC) and the interpretations of the Standing Interpretations Committe (SIC) whose application was mandatory as of 31 March 2015 were taken into account.

The interim consolidated financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and should be read in the context of the audited consolidated financial statements of telegate for the 2014 financial year.

The interim consolidated financial statements of telegate AG (hereinafter also the group / telegate / the telegate group/the company) are presented in euros (EUR). Unless stated otherwise, all values were rounded to thousands of euros (EUR thousand).

The interim consolidated financial statements are generally prepared using the historical cost system.

The interim consolidated financial statements have not been audited. They were released for publication by the Management Board on 27 April 2015.

The consolidated financial statements and the group management report prepared as of 31 December 2014 were submitted with the publisher of the Federal Gazette and published electronically in the Federal Gazette.

2. Changes in accounting policies

The accounting policies applied in the interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the 2014 financial year, except for the changes explained below.

Annual improvements to IFRS – 2011-2013 cycle

The IASB published the Annual Improvements to IFRS - 2011-2013 Cycle document. This clarifies the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property

The amendments were published in December 2013 and must be applied for the first time in financial years beginning on or after 1 January 2015. As a result of adoption of the amendments by the EU, the date of mandatory application was changed for companies within the EU, deviating from the original rule, which stipulated application for reporting periods beginning on or after 1 July 2014.

The application of these amendments do not affect the group's net assets, financial position and results of operations.

3. Adjustment of comparative figures

In financial year 2014, telegate corrected an error with retroactive effect in accordance with IAS 8 with regard to accounting for internally developed intangible assets (see note 4 in the consolidated financial statements for the 2014 financial year).

The comparative figures of these interim financial statements were adjusted accordingly as follows:

Consolidated statement of financial position	**as of 31 March 2014**		
in EUR thousand	Before adjustment	Adjustment acc. to IAS 8	After adjustment
Assets			
Other current assets	2,487	227	2,714
Intangible assets	11,947	945	12,892
Equity and liabilities			
Deferred tax liabilities	2,907	351	3,258
Retained earnings	7,923	821	8,744

Consolidated income statement	**1 January - 31 March 2014**		
in EUR thousand	Before adjustment	Adjustment acc. to IAS 8	After adjustment
Cost of revenues	-8,545	58	-8,487
Income taxes, deferred	731	-17	714
Net income	-1,734	41	-1,693

Earnings per share remained unchanged despite the adjustments.

4. Non-recurring items in the income statement

The total amount for non-recurring items included in the income before income tax amounts to an expense of EUR 1,012 thousand (2014: EUR 2,743 thousand) and is primarily composed of costs for capacity adjustments in the amount of EUR 813 thousand (2014: EUR 2,712 thousand).

The restructuring plan initiated in the 2014 financial year for the purpose of consolidating two call centres was essentially completed in the first three months of the current financial year.

5. Operating segments

For the purpose of management control, the telegate group divides its activities into two operating segments, Directory Assistance and Digital.

The two segments' main key performance indicators for operations are revenues and EBITDA (earnings before interest, taxes, depreciation and amortisation). EBITDA before non-recurring items is an indicator that provides additional information on the company's profitability.

The accounting principles for the segments match those described in the consolidated financial statements for the year ended 31 December 2014.

There were no inter-segment revenues in the first three months of the current financial year or in the same period of the preceding year.

The table below shows the revenues and earnings of the group's operating segments:

1 January – 31 March 2015 in EUR thousand	**Directory Assistance**	**Digital**	**Group**
Revenues			
Revenues from transactions with external customers	5,585	8,374	**13,959**
Total revenues	**5,585**	**8,374**	**13,959**
Earnings			
EBITDA	483	164	**647**
Depreciation and amortisation	-684	-2,187	**-2,871**
Net financial income			**104**
Earnings before income taxes			**-2,120**
EBITDA before non-recurring items	1,103	556	**1,659**

1 January – 31 March 2014 in EUR thousand	**Directory Assistance**	**Digital**	**Group**
Revenues			
Revenues from transactions with external customers	7,484	8,940	**16,424**
Total revenues	**7,484**	**8,940**	**16,424**
Earnings			
EBITDA	829	-626	**203**
Depreciation and amortisation	-690	-2,157	**-2,847**
Net financial income			**285**
Earnings before income taxes			**-2,359**
EBITDA before non-recurring items	2,364	582	**2,946**

6. Financial instruments

The following table shows both the carrying amounts and the fair values of all financial instruments recognised in the consolidated financial statements, including their levels in the fair value hierarchy: It does not contain any information about the fair value of financial assets and liabilities that were not measured at fair value if the carrying amount suitably approximates the fair value.

	Carrying amounts pursuant to IAS 39 measurement category:			**Fair value**		
as of 31 March 2015, in EUR thousand	Loans and receivables	Available-for-sale	Financial liabilities measured at amortised cost	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Securities	-	20,669	-	20,669	-	-
Financial assets not measured at fair value						
Cash and cash equivalents	3,726	-	-			
Trade accounts receivable	11,217	-	-			
Current other financial assets	220	-	-			
Non-current other financial assets	15	-	-			
Financial liabilities not measured at fair value						
Trade accounts payable	-	-	961			

as of 31 December 2014, in EUR thousand	Carrying amounts pursuant to IAS 39 measurement category:			Fair value		
	Loans and receivables	Available-for-sale	Financial liabilities measured at amortised cost	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Securities	-	22,606	-	22,606	-	-
Financial assets not measured at fair value						
Cash and cash equivalents	4,262	-	-			
Trade accounts receivable	11,915	-	-			
Current other financial assets	413	-	-			
Non-current other financial assets	15	-	-			
Financial liabilities not measured at fair value						
Trade accounts payable	-	-	1,634			

In the first three months until 31 March 2015, there were no changes in the valuation techniques applied and no transfers between the levels of the fair value hierarchy.

7. Related party transactions

Transactions with related parties (companies)

Business transactions between telegate AG and its subsidiaries that are considered related parties were eliminated in consolidation and are not explained in these notes to the financial statements.

No other companies that were related parties existed as of 31 March 2015.

As of 31 March 2014, telegate Holding GmbH (Planegg) and SEAT Pagine Gialle Italia S.p.A. (Turin) were related parties. Telegate Holding GmbH, held a majority interest of 61.13 percent in telegate AG. SEAT Pagine Gialle Italia S.p.A. in turn held a 100 percent stake in telegate Holding GmbH. As of 31 March 2014, SEAT Pagine Gialle S.p.A. Italia therefore directly held a 16.24% stake in telegate AG and indirectly held a 61.13% stake via Telegate Holding GmbH in telegate AG. The primary controlling parent was SEAT Pagine Gialle S.p.A. (Milan), which held a 100-percent stake in SEAT Pagine Gialle Italia S.p.A.

Services were rendered or purchased at arm‘s length.

As of 31 March 2014 there were dividend distribution liabilities including interest expenses to Telegate Holding GmbH and SEAT Pagine Gialle Italia S.p.A. in the amount of EUR 24,235 thousand. The interest expenses totalled EUR 27 thousand. This amount was invested as time deposits by telegate AG. The interest rate was commensurate with the rate of the liability described.

Transactions with related parties (persons)

Related parties here primarily comprise the members of the Management Board and the Supervisory Board. In the first three months of the current financial year, there were no transactions between the telegate group and members of the Management Board or the Supervisory Board extending beyond the existing employment, service or appointment relationship or the contractual remuneration for this relationship.

As of 31 March 2015, two members of the management of SEAT Pagine Gialle S.p.A. (former parent company), Turin, Italy, were Supervisory Board members of telegate AG. These persons were entitled to Supervisory Board remuneration in the amount of EUR 39 thousand (2014: EUR 48 thousand), which accordingly was recognised as a current liability.

8. Events after the reporting period

In a judgement delivered on 22 April 2015, the Düsseldorf Higher Regional Court dismissed an appeal by telegate AG in the action for damages against Deutsche Telekom AG with an amount in dispute of just under EUR 100 million (including interest). The right to further appeals was not granted. As soon as telegate AG receives the reasons for the judgement, the company will analyse the prospects of success of an appeal against refusal of leave to appeal.

9. German Corporate Governance Code

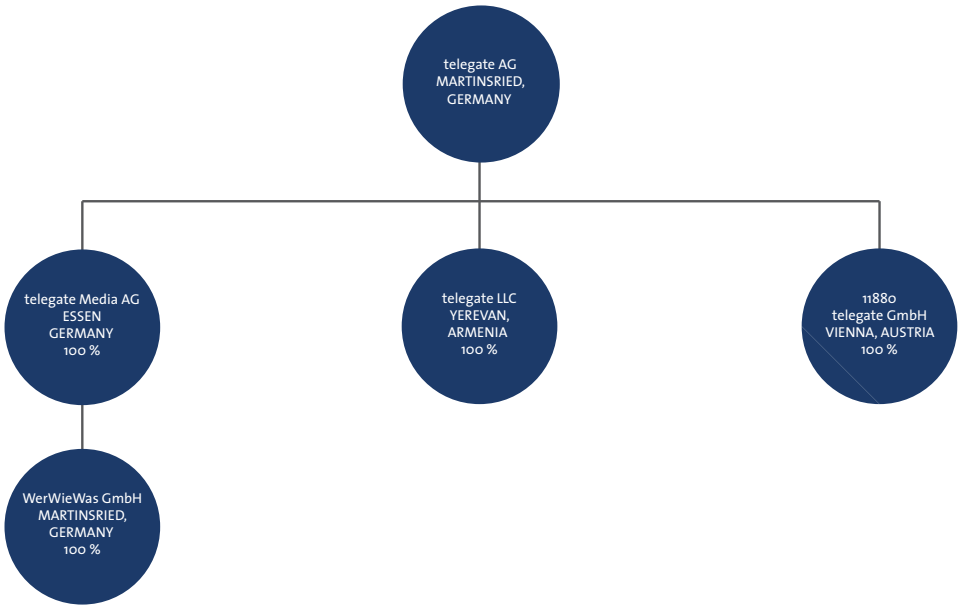
The joint declaration of compliance by the Management Board and Supervisory Board of telegate AG in accordance with section 161 AktG relating to the German Corporate Governance Code was made on 4 December 2014. The exact wording of the declaration can be retrieved under www.telegate.com.

Planegg-Martinsried, 27 April 2015

Franz Peter Weber
Spokesman of the Management Board

Michael Geiger
Member of the Management Board

Corporate Structure telegate Group



www.telegate.com

telegate AG • Fraunhoferstraße 12a • 82152 Martinsried