Quarterly Report at 30 September 2009

Contents

Issue dare: 30 September 2009

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TISCALI S.P.A.

Registered offices: SS195 Km 2.300, Sa Illetta, Cagliari, Italy

Share Capital EUR 156,071,496.25

Cagliari Companies Register and VAT No. 02375280928 Econ. & Admin. Roster - 191784

1 Highlights

Income statement *(EUR mln)*	**30 September 2009**	**30 September 2008 (*)Restated**	**% change**
· Revenues	221.6	244.9	-9.5%
· Adjusted Gross Operating Result (EBITDA)	69.9	60.9	14.8%
· Gross Operating Result (EBITDA)	54.6	47.8	14.3%
· Operating result	5.3	7.5	-29.4%
Equity and Financial Position *(EUR mln)*	**30 September 2009**	**31 December 2008**	**% change**
· Total assets	431.7	1,205.8	-64.2%
· Net financial debt	413.5	601.1	31.2%
· Net financial debt as per Consob	419.1	616.4	32.0%
· Shareholders' equity	(287.7)	4.8	n.d.
· Investments	14.8	174.3	-91.5%
Operating figures *(000)*	**30 September 2009**	**30 September 2008 (*)Restated**	**% change**
Internet Access and Voice users	595.2	679.2	
ADSL (broadband) users	552.9	581.1	
of which: Direct ADSL users (LLU)	386.6	371.9	

(*)The figures at 30 September 2008 have been re-calculated on the basis of the scope existing at 30 September 2009.

2 Alternative performance indicators

In this report on operations, in addition to the conventional indicators in accordance with IFRS, a number of alternative performance indicators are present (EBITDA and Adjusted EBITDA) used by Tiscali Group management for monitoring and assessing the operational performance of the same and which not having been identified as an accounting measure in the IFRS context, must not be considered as alternative measures for the assessment of the performance of the Tiscali Group's result. Since the composition of the EBITDA and Adjusted EBITDA is not regulated by the reference accounting standards, the calculation criteria applied by the Tiscali Group might not be the same as that adopted by others and therefore may not be comparable.

The Gross Operating Result (EBITDA) and the operating result before the writedown of receivables and costs for the stock option plans (Adjusted EBITDA) are economic performance indicators not defined by the reference accounting standards and are formed as indicated below:

Pre-tax result and result deriving from discontinued operation

+ Financial charges

- Financial income

+/- Income/Charges from equity investments in associated companies

Operating result

+ Restructuring costs

+ Amortisation/depreciation

+/- Atypical charges/income

Gross Operating Result (EBITDA)

+ Write-downs of customer receivables

+ Stock option plan cost

Gross Operating Result (Adjusted EBITDA)

3 Directors and Auditors

Board of Directors

Chairman and Chief Executive Officer: Mario Rosso

Directors

Francesco Bizzarri

Massimo Cristofori

Umberto De Iulio

Renato Soru

Board of Statutory Auditors

Chairman

Aldo Pavan

Acting Auditors

Piero Maccioni

Andrea Zini

Alternate Auditors

Rita Casu

Executive appointed to draw up the corporate accounting documents

Romano Fischetti

Independent Auditing Firm

Reconta Ernst & Young S.p.A.

Interim report on operations
at 30 September 2009

4 Interim report on operations at 30 September 2009

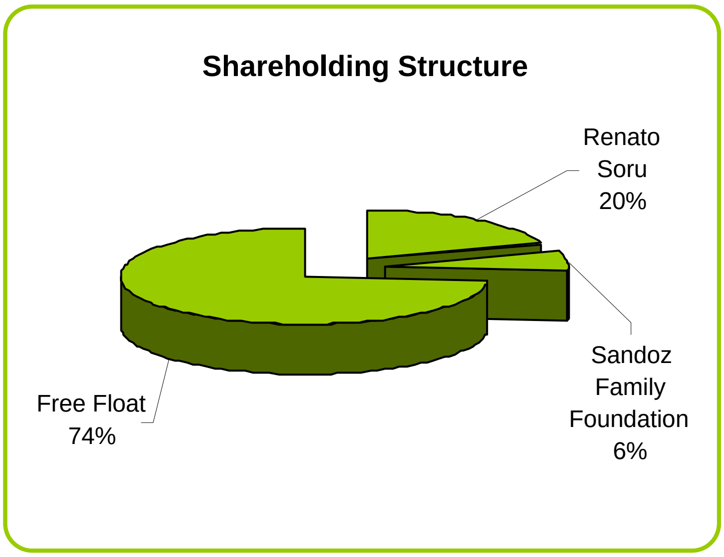
4.1 Tiscali Shares

Tiscali shares have been listed on the Italian Stock Exchange (Milan: TIS) since October 1999. At 30 September 2009, market capitalization came to around EUR 225 million, calculated on the value of EUR 3.65 per share as of that date.

At 30 September 2009, the number of shares representative of the Group's share capital came to 61,654,548 [1].

Tiscali's shareholder base at 30 September 2009 is illustrated below:

Fig. 4.1 - Tiscali Shares

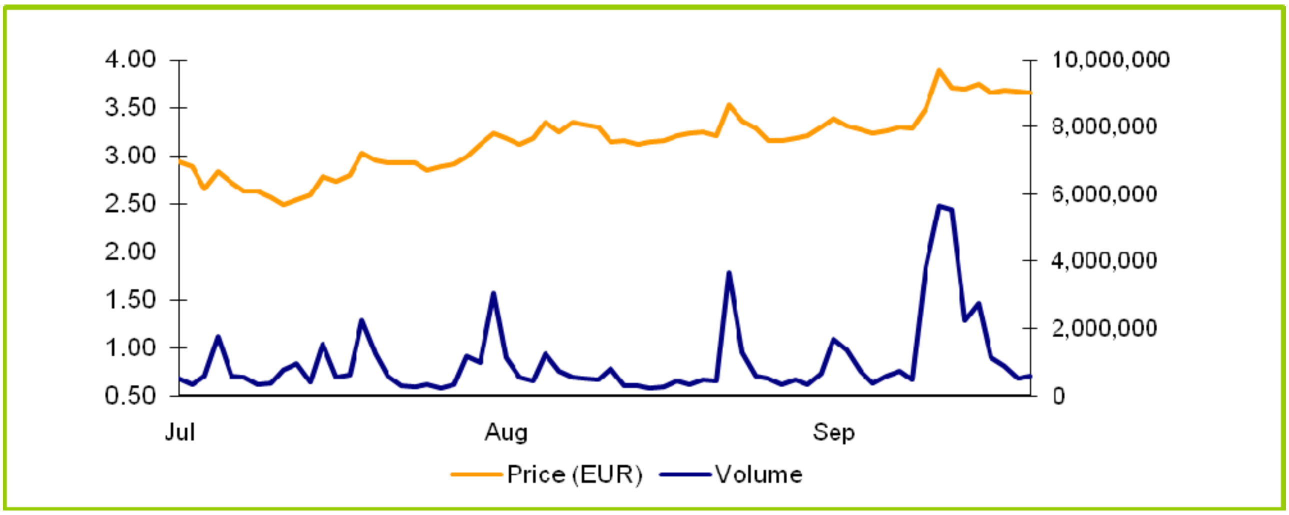


Source: Tiscali

The graph below illustrates the Tiscali stock trend during the third quarter of 2009 characterized by sustained trading volumes, in particular in September.

[1] Note that on 14 September 2009, a share grouping was carried out at a ratio of 10:1. Also note that on 12 October 2009, the option period for the Share Capital increase launched on that date, started. For further information, see paragraph 4.3 regarding significant events that occurred in the third quarter of 2009.

Fig. 4.2 – Tiscali stock trend during the third quarter of 2009



Source: Yahoo! Finance data processing

The average monthly price for the quarter was EUR 3.15[2]. The maximum price of EUR 3.89 for the quarter was recorded on 21 September 2009, while the minimum of EUR 2.49 was recorded on 13 July 2009.

Trading volumes stood at a daily average of about one million items, with a daily average trade value of EUR 3.1 million[3].

Average trading of Tiscali stock on the Italian Stock Exchange during the third quarter of 2009 (*normalised values*)		
	Price (Euro)	**Number of shares**
July	2.79	719,770
August	3.23	865,371
September	3.43	1,448,082
Average	**3.15**	**1,011,074**

[2] This value has been normalised to take into account the share grouping at a ratio of 10:1 that took place on 14 September 2009. For further information, see paragraph 4.3 regarding significant events that occurred in the third quarter of 2009.

[3] *Ibidem*

4.2 Analysis of the Group economic, equity and financial position

Foreword

The economic and equity structure at 30 September reflects the impact of the Tiscali Group's financial restructuring process, implemented in the first months of the current year and aimed at reinforcing the Group's capital structure.
Said process involved the disposal of assets in the UK and a more complex debt restructuring plan to be achieved by means of one or more share capital increases under options, the first of which, for the sum of around EUR 180 million, was launched on 12 October 2009 (see the content of the "Information Prospectus" published on 19 October 2009).
As part of said plan, on 3 July 2009, 100% of the share capital of Tiscali UK Ltd was sold to Carphone Warehouse Group plc, for a total Enterprise Value of GBP 255.5 million (of which around GBP 20 million represented the assumption of several financial debts). Income from the sale was used to partially reimburse the financial debt to Senior Lenders (GBP 180 million), payables to Tiscali UK management (around GBP 8 million) and payables to former minority shareholders of VNIL (around GBP 7 million).
Net of the partial reimbursement made using proceeds from the sale of the UK subsidiary, and in the light of the effects of the share capital increase launched in October 2009 (which envisaged the repayment of debt amounting to around EUR 135.5 million and a share of the liquidation of a debt of around EUR 43 million), the residual debt to Senior Lenders was restructured for a total of EUR 158.5 million at long term in three tranches:

a. Tranche A for a nominal amount of EUR 100 million with a 5-year duration
b. Tranche B for EUR 38.5 million with a 6-year duration
c. Tranche C for EUR 20 million with a 7-year duration, to be reimbursed with funds released from the escrow account related to the UK sale, or by increasing proxy share capital approved by the Shareholders' Meeting in June 2009.

Economic position

Tiscali Group revenues during the nine months of 2009 amounted to EUR 221.6 million, down 9.5% with respect to the figure of EUR 244.9 million reported in the corresponding period of 2008.
The slowdown is primarily due to the decrease in narrowband and media revenues, as well as in the "Other revenues" item, which includes non-recurring revenue. However, there was a significant increase in the profitability of the Italian subsidiary, which achieved an adjusted gross operating result up 52.6% against the corresponding period of the previous year.

In the first nine months of 2009, internet access and voice services – the Group's core business – represented 78.3% of turnover.

The Gross Operating Result (Adjusted EBITDA) before provisions was EUR 69.9 million, with a margin of 31.5% of revenues, compared to the Adjusted EBITDA of EUR 60.9 million recorded for the first nine months of 2008. The Adjusted EBITDA figure of the Italian subsidiary should be read differently, specifically as it showed a yoy increase of EBITDA of around 48.9%.

At 30 September 2009, ADSL users in Italy amounted to around 553 thousand (including users purchasing only voice services on the Tiscali network), 386.6 thousand of which were direct (LLU) customers.

Customers that purchased voice services through VoIP and CPS amounted to around 313 thousand.

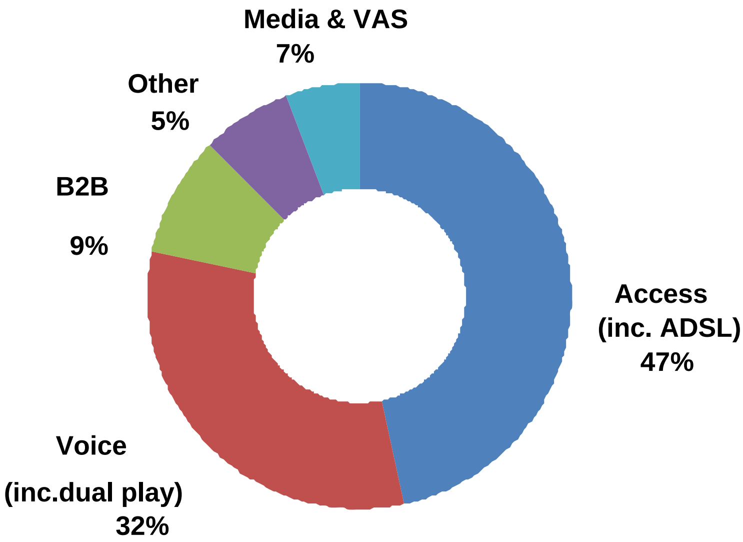
Note that the reclassified income statement, shown below, can be reconciled with the consolidated income statement contained in these Financial Statements.

Euro (000)

CONSOLIDATED INCOME STATEMENT	30 September 2009	30 September 2008 Restated	Change	% change
Revenues	221,589	244,938	-23,349	-9.5%
Other income	2,394	2,566	-172	-6.7%
Purchase of materials and outsourced services	119,647	155,335	-35,689	-23.0%
Payroll and related costs	30,499	40,144	-9,645	-24.0%
Other operating costs	3,904	-8,907	12,811	-143.8%
Adjusted Gross Operating Result (EBITDA)	**69,933**	**60,931**	**9,001**	**14.8%**
Writedowns of receivables from customers	14,984	10,414	4,570	43.9%
Stock option plan cost	339	2,740	-2,401	-87.6%
Gross Operating Result (EBITDA)	**54,610**	**47,777**	**6,832**	**14.3%**
Restructuring costs, provisions for risk reserves and writedowns	11,641	996	10,646	n.d.
Amortisation/depreciation	37,680	39,287	-1,607	-4.1%
Operating result(EBIT)	**5,288**	**7,495**	**-2,207**	**-29.4%**
Share of results of equity investments valued using the equity method	-33	-15	-18	117.9%
Net financial income (charges)	-49,576	-58,539	8,963	-15.3%
Pre-tax result	**-44,321**	-51,059	6,739	**-13.2%**
Income taxes	-11,832	-1,775	-10,056	n.d.
Net result from continuing operations	**-56,152**	**-52,835**	**-3,318**	**6.3%**
Result from discontinued operations/assets held for sale	-364,397	-56,993	-307,405	n.d.
Net result	**-420,550**	**-109,827**	**-310,723**	**n.d.**
Minority interests	**-2,186**	**-11,628**	**9,442**	**81.2%**
Group result	**-418,364**	**-98,199**	**-320,165**	**n.d.**

Revenues by business segment

Fig. 4.4 – Breakdown of revenues by business line and access mode



Source: Tiscali

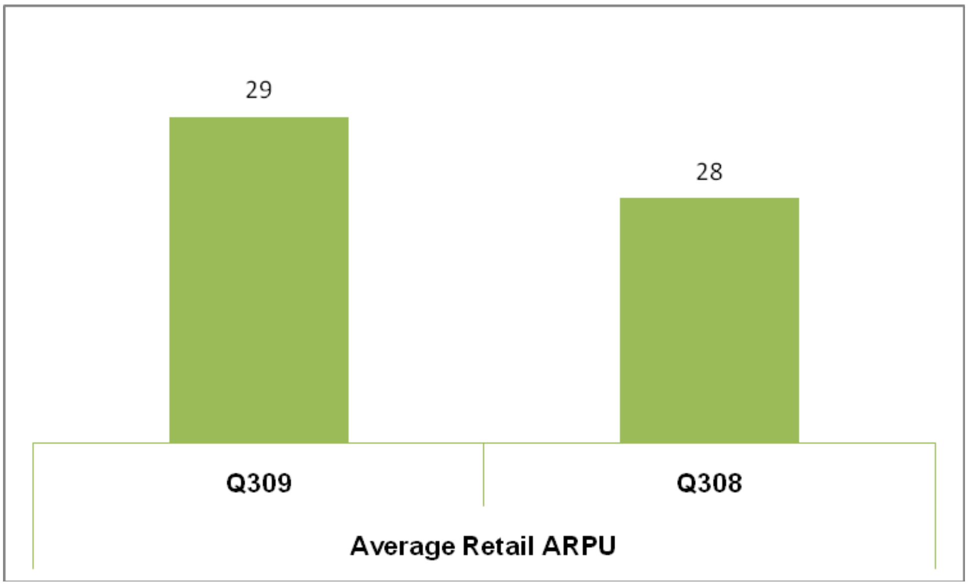
Access

This segment, which includes revenues from broadband (ADSL) and narrowband (dial-up) internet access services and the flat component of bundled access services, generated revenues during the period of EUR 103.2 million, representing 46.6% of the Group's total revenues, down compared to the same period in 2008 (EUR 117.1 million).

Development of the Group customer base

(000)	30 September 2009	30 September 2008
ADSL customers	552.9	581.1
of which LLU	*386.6*	*371.9*
Narrowband and Voice customers	155.7	325.0
Dual play customers	270.6	243.8

Fig. 4.5 – Group retail ARPU



Source: Tiscali

Voice

The voice segment includes both the traditional telephone service and a component of the variable traffic generated by voice services on IP offered in bundled mode with internet access. Revenues for 2009 are essentially in line with the same period in the prior year. In absolute terms, voice revenues at September 2009 amount to EUR 70.3 million, compared to EUR 69.3 million for the same period in 2008. Of total voice revenues, EUR 47.6 million related to the component of voice traffic generated by VoIP services, up against the EUR 37.4 million of dual play revenue generated in 2008.

Business services

Revenues from business services (VPN, housing, hosting services, domains and leased lines), therefore excluding those from access and/or voice products for the same customer base, which are included in their respective business segments, amounted to EUR 20.2 million at September 2009, a rise of 55.4% against the EUR 13.0 million in the corresponding period of 2008.

Media and value added services

At September 2009, the revenues of the media and value added services segment (deriving from direct and indirect advertising by means of commercial agreements with search engines) amounted to EUR 15.5 million, down with respect to the corresponding period of the previous year (EUR 24.1 million) due to the transfer of the Google contract that belonged to the British subsidiary as well as the loss of personnel in the advertising agency during the period, solved by recent hiring including the head of the Tiscali Advertising agency.

Group Operational Income Statement

EUR mln	30 September 2009	30 September 2008 Restated
Revenues	**221.6**	**244.9**
Internet access revenues	103.2	117.1
of which: ADSL	*90.8*	*92.1*
Voice revenues	70.3	69.3
of which: dual play (traffic component)	*47.6*	*37.4*
Revenues from business services	20.2	13.0
Revenues from media and value added services	15.5	24.1
Other revenues	12.3	21.5
Gross operating margin (Gross Margin)	**132.8**	**145.7**

Gross operating result (EBITDA)

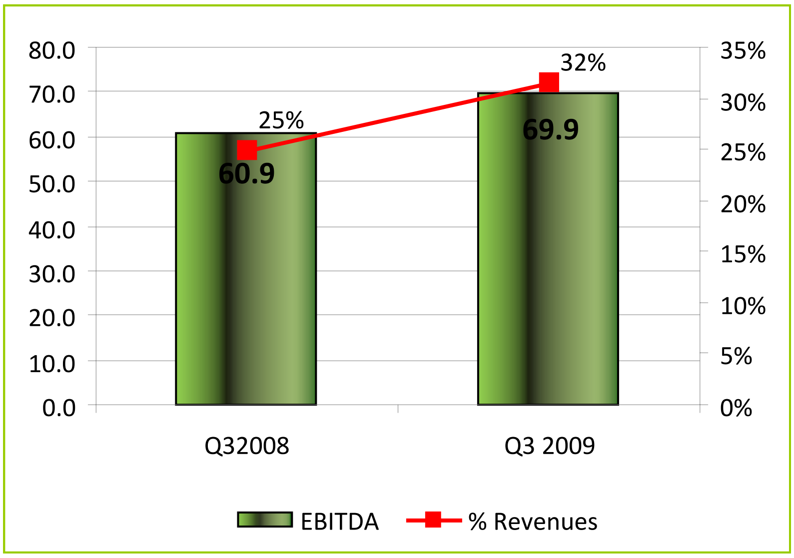
Operational income statement - Group

EUR mln	30 September 2009	30 September 2008 Restated
Revenues	**221.6**	**244.9**
Gross Operating margin (Gross Margin)	**132.8**	**145.7**
Indirect operating costs	**64.6**	**97.5**
Sales and marketing	14.3	34.0
Payroll and related costs	30.5	40.1
Other indirect costs	19.8	23.3
Other income/charges	-1.7	-12.7
Adjusted Gross Operating Result (EBITDA)	**69.9**	**60.9**
Writedowns of receivables and other provisions	15.3	13.1
Gross Operating Result (EBITDA)	**54.6**	**47.8**
Amortisation/depreciation	37.7	39.3
Gross result 9EBIT) before structuring costs and provisions for risks	**16.9**	**8.5**
Operating result (EBIT)	**5.3**	**7.5**
Group Net Result	**-418.4**	**-98.2**

The Adjusted Gross Operating Result (EBITDA) for the period, before provisions for risks, writedowns, amortisation and depreciation, was EUR 69.9 million, up 14.8% compared to the figure of EUR 60.9 million recorded in the same period of 2008.

EBITDA net of writedowns of receivables and other provisions was EUR 54.6 million for the first nine months of 2009, (24.6% of revenues), up 14.3% compared to the figure for 2008 (EUR 47.8 million, corresponding to 19.5% of revenues).

Fig. 4.6 – Evolution of the Adjusted Gross Operating Result (EBITDA)- EUR Mln



Source: Tiscali

At September 2009, **indirect operating costs** stood at EUR 64.6 million (29.1% of revenues), a significant reduction in terms of proportion of revenues compared to the same period of 2008 (EUR 97.5 million, 39.8% of revenues).

Within indirect operating costs, **payroll and related costs** at September 2009 were EUR 30.5 million, lower than the same period in 2008 (EUR 40.1 million), a reduction of around two and a half percentage points in terms of proportion of revenues (16.4% in September 2008 compared to 13.8% in September 2009). This reduction is due to the outcome of retirement incentives offered by Tiscali Italia in the initial months of the year.

Marketing costs were EUR 14.3 million for the period, which are also lower than the figures for 30 September 2008. However, there was an increase of around EUR 5 million in the third quarter of 2009 mainly attributable to the advertising campaign for the Tiscali Unica product.

To illustrate the matter more clearly, the table below contains details of the operating costs/revenues making up the adjusted Gross Operating Result, as shown in the income statement table. In particular, attention is drawn to the reconciliation between “purchase of materials and outsourced services” and “other operating costs” with the indirect operating costs described in this paragraph.

(EUR Mln)	**30 September 2009**	**30 September 2008 Restated**
Revenues	**221.6**	**244.9**
Other revenues	2.4	2.6
Purchase of materials and services, of which:	**119.6**	**155.3**
- marketing	*14.3*	*34.0*
- indirect costs (*)	*16.6*	*22.1*
- other direct costs	*88.8*	*99.2*
Payroll and related costs	**30.5**	**40.1**
Other Operating Costs, of which:	**3.9**	**-8.9**
- other indirect costs (*)	3.2	1.2
- other operating costs	0.7	-10.1
Gross Operating Result	**69.9**	**60.9**
(*) Total Indirect Costs	**19.8**	**23.3**

Operating result (EBIT)

The Operating Result (EBIT) at September 2009, net of provisions, writedowns and restructuring costs, came to EUR 5.3 million, lower than the EUR 7.5 million for the same period in 2008. However, the figures at 30 September 2009 include debt restructuring costs of around EUR 9.9 million, against restructuring costs at 30 September 2008 of around EUR 885 thousand. Net of said non-recurring restructuring costs, the Group EBIT at 30 September 2009 would have been EUR 15.2 million, an increase over the nine months ended 30 September 2008.

Provisions for risks, writedowns of receivables and other provisions at September 2009 amounted in total to EUR 15.3 million (EUR 13.1 million in the same period in 2008). The percentage increase in revenues is attributable to a review of the Customer Database and a more stringent policy to define losses on receivables. **Amortisation/depreciation** at September 2009 amounted to EUR 37.7 million (EUR 39.3 million at September 2008).

Result from continuing operations

The result from continuing operations, presenting a negative balance of EUR 56.1 million, reflects financial charges of EUR 49.6 million (relating to the whole sum of the debt being restructured) and income taxes amounting to around EUR 11.8 million mainly attributable to the reversal of deferred tax assets recorded at 31 December 2008 on Tiscali International BV.

Group net result

The Group recorded a net loss of EUR 418.4 million, a deterioration on the result of EUR 98.2 million for the same period of the previous year, due to the impact of the result from the disposal of the UK subsidiary of around EUR 365 million. This figure does not include the gain from the liquidation of debts to Senior Lenders linked to the successful share capital increase launched in October 2009, described in more detail below.

Equity and financial position

CONSOLIDATED BALANCE SHEET (condensed) *(EUR Mln)*	30 September 2009	31 December 2008
Non-current assets	225.3	890.9
Current assets	206.3	258.1
Assets held for sale	-	56.8
Total Assets	**431.7**	**1,205.8**
Group shareholders' equity	-287.7	10.8
Shareholders' equity pertaining to minority shareholders	-	-6.0
Total Shareholders' Equity	**-287.7**	**4.8**
Non-current liabilities	250.9	229.7
Current liabilities	467.3	949.1
Liabilities directly related to assets held for sale	1.1	22.3
Total Liabilities and Shareholders' Equity	**431.7**	**1,205.8**

Assets

Non-current assets

Non-current assets at 30 September 2009, amounting to EUR 225.3 million, are lower with respect to the year-end figure at 31 December 2008 of EUR 890.9 million.
This is attributable to the change in the consolidation area (TiNet and UK) and the reversal of the amount of deferred tax assets on Tiscali International BV amounting to EUR 10.5 million. In particular, the goodwill of EUR 438.8 million in December 2008, which referred entirely to the UK subsidiary, was fully reversed following the sale.
Operational investments relating to the connection and activation of new ADSL customers and incremental investments to develop and maintain the technological infrastructure of Tiscali Italia S.p.A., totalled EUR 14.8 million in the first nine months of the year, EUR 10.5 million of which is attributable to investments in intangible assets and around EUR 4.3 million to investments in tangible assets.

At 30 September Tiscali's unbundling network had 486 location sites.

Current assets

Current assets at 30 September 2009 amounted to EUR 206.3 million, lower than at 31 December 2008 (EUR 258.1 million). Receivables due from customers, at 30 September 2009, came to EUR 114.6 million, compared with EUR 176.8 million at 31 December 2008 and represent that largest item of current assets. Other receivables and other current assets, amounting to EUR 27 million, in particular include accrued income on access services rendered, prepaid service costs, together with sundry receivables, including VAT credits.

Current assets also encompass the other current financial assets item of EUR 41.0 million, which includes the escrow account relating to the transfer of the assets of the UL subsidiary.

Liabilities

Non-current liabilities

Non-current liabilities at 30 September 2009 amounted to EUR 250.9 million. The figure includes items pertaining to the financial position, which are described in more detail below, and other non-current liabilities, the provision for risks and charges of EUR 10.4 million, the staff severance provision of EUR 4.4 million and payables to suppliers for the purchase of long-term usage rights on transmission capacity (IRU) of EUR 7.5 million.

Current liabilities

Current liabilities amounted to EUR 467.3 million at 30 September 2009 (compared with EUR 949.1 million at 31 December 2008). They mainly include the current portion of the financial payables, which includes the reclassification of the short-term items of the debt being restructured, payables to suppliers, together with accrued expenses pertaining to the purchase of access services and line rentals.

Financial position

At 30 September 2009, the Tiscali Group held cash and cash equivalents totalling EUR 22.0 million, against a net financial debt, at the same date, of EUR 413.5 million (EUR 601.1 million at 31 December 2008).

(EUR Mln)	30 September 2009	31 December 2008
A. Cash	22	24.2
B. Other cash equivalents	6.9	12.7
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**28.9**	***36.9***
E. Current financial receivables	**5.2**	***5.3***
F. Non-current financial receivables	**6.4**	1.4
G. Current bank payables	190.0	510.0
H. Current portion of non-current debt	-	-
I. Other current financial payables (*)	44.2	21.4
J. Current financial debt (G) + (H) + (I)	**234.2**	***531.4***
K. Net current financial debt *(J) – (E)- (F) – (D)*	**193.7**	**487.7**
L. Non-current bank payables	161.2	-
M. Bonds issued	-	-
N. Other non-current payables (**)	58.7	113.4
O. Non-current financial debt *(L) + (M) + (N)*	**219.9**	**113.4**
P. Net financial debt *(K) + (O)*	**413.5**	**601.1**

(*) includes leasing payables

(**) includes leasing payables and payables due to shareholders

In order to ensure consistency with the data provided in former reports, the above table includes VAT receivables under current financial receivables and guarantee deposits under other cash equivalents. The table below provides a reconciliation of the above financial position with the same statement prepared in accordance with the Consob Circular dated 28 July 2006.

(EUR Mln)	30 September 2009	31 December 2008
Consolidated net financial debt	**413.5**	**601.1**
Other cash, cash equivalents and current financial receivables	5.6	15.3
Consob consolidated net financial debt	**419.1**	**616.4**

Note that the net financial debt of Tiscali Group at 30 September 2009 reflects the impact of the sale of the Tiscali UK subsidiary to the Carphone Warehouse Group on 3 July 2009.

As described in the Half-year Report, in the Significant events after the half-year end section, the Company sold the UK business for GBP 236 million on 3 July 2009. Income from the sale was used to partially reimburse the financial debt to Senior Lenders (about GBP 180 million) as well as for payables to Tiscali UK management (about GBP 8 million) and payables to former minority shareholders of VNIL (about GBP 7 million).

Net of the partial reimbursement of the debt to the Senior Lenders of EUR 207 million, the residual debt of EUR 332.8 million was restructured for a nominal amount of EUR 158.5 million (EUR 161.2 million including interest at 30 September 2009), and the remainder, EUR 174.3 million (EUR 176.6 million including interest at 30 September 2009), will be used for compensation and liquidation following the share capital increase initiated on 12 October 2009.

The restructured debt, amounting to a nominal value of EUR 158.5 million was recognised under the amortised cost criteria (IAS 23). Note that, consistent with IAS 39, section 40-41, accessory charges related to the debt restructuring (around EUR 10 million) were not capitalised, given that the principle provides that they must be fully expensed in the income statement.

Finally, note that the net financial debt does not include the escrow account related to the UK sale, amounting to EUR 40.9 million and classified under current assets.

4.3 Significant events during the third quarter of 2009

Conclusion of the sale of the Tiscali UK subsidiary to Carphone Warehouse Group and all contractual agreements related to the debt restructuring process

On 6 July 2009, Tiscali announced the conclusion of the sale transaction of 100% of the share capital of Tiscali UK to Carphone Warehouse Group for an Enterprise Value of about GBP 255 million, GBP 236 million net of certain financial debts. The sale transaction of the British subsidiary occurred along with the restructuring of the debt exposure of Tiscali Group to Senior Lenders, Tiscali UK minority shareholders, and shareholder Mr. Renato Soru

Share grouping

On 14 September 2009, in implementing the resolution passed by the Extraordinary Shareholders' Meeting of 30 June 2009 and that of the Board of Directors of 28 August 2009, Tiscali undertook a grouping transaction of 616,545,485 ordinary shares of Tiscali S.p.A. in 61,654,548 new shares without nominal value at a ratio of no. 1 (one) new ordinary Tiscali share without nominal value (ISIN code IT0004513666, coupon no. 1), with regular entitlement, for each 10 ordinary Tiscali shares without nominal value (ISIN code IT0001453924, coupon no. 2) with regular entitlement

Submission to CONSOB and Borsa Italiana of the request for authorisation to publish the information prospectus and for the listing related to the share capital increase under option for EUR 180 million

On 22 September 2009, Tiscali S.p.A. submitted to CONSOB and Borsa Italiana, respectively, a request for authorisation to publish the information prospectus and for listing the offer under option to shareholders of around 1,800,000,000 Tiscali ordinary shares linked to 1,800,000,000 "Tiscali 2009 – 2014 Warrants" (for which an application for admission to trading on the Electronic Stock Market was submitted at the same time).

Specifically, this prospectus envisages the offer under option to shareholders pursuant to Article 2441, first paragraph, Italian Civil Code, of around 1,800,000,000 newly-issued Tiscali ordinary shares, in proportion to the number of shares owned, resulting from an increase in share capital divisible in payment resolved by the Tiscali Extraordinary Shareholders' Meeting on 30 June 2009 for a price of EUR 0.1 for each share, for a total value of around EUR 180 million.

The above-cited share capital increase is part of a wider Process to Restructure the Tiscali Group's Debt, as previously communicated to the Market, within which the Senior Lenders, Shareholder Mr. Renato Soru, Video Networks International Ltd (previously shareholder of Tiscali UK) have undertaken a commitment to subscribe a total of around EUR 180 million.

The offer also envisaged that one warrant was to be attached to each of the shares subscribed. Warrant holders will have the right to subscribe one underlying share for every 20 Warrants exercised at a unit price of EUR 0.8 per share, in accordance with the terms and conditions indicated in the regulations of the "Tiscali 2009 – 2014 Warrants".

To fund the conversion of the Warrants, on 30 June 2009 the Shareholders' Meeting resolved on a paid share capital increase, in divisible amounts, for a maximum of around 5% of the amount subscribed under the above share capital increase, in several instalments or tranches, of underlying shares, to be used exclusively to fund the exercise of the Warrants.

In accordance with art. 2441, third paragraph of the Italian civil code, the Company will offer any unexercised options on the stock market and will inform Borsa Italiana S.p.A. as to the dates on which the Offer will be made on the Stock Market.

The company has also hired Equita SIM as Advisor and Placement Agent for the share capital transaction.

4.4 Events subsequent to the end of the third quarter 2009

Tiscali: former Chief Executive Officer, Tommaso Pompei, waives his right to exercise options as part of the stock option plan approved in 2007

On 1 October 2009, the former Chief Executive Officer of Tiscali S.p.A., Tommaso Pompei, waived his 359,314 options to acquire an equal number of ordinary shares in Tiscali S.p.A. These options been assigned to Mr. Pompei as part of the stock option plan approved with the resolution of the Tiscali S.p.A. Shareholders' Meeting on 3 May 2007 and would have become exercisable in the period between 4 May 2010 and 3 November 2010 at a unit price of EUR 24.77.
The Company has started the sale, in several tranches, of the 260,000 treasury shares that were previously purchased and allotted for the above-cited incentive plan.

Launch of share capital increase following receipt of the approval for the publication of the Information Prospectus and for the listing relating to the offer in option and the admission of 1,799,830,945 ordinary Tiscali shares with 1,799,830,945 free Warrants attached

On 9 October 2009, following CONSOB approval, the information prospectus and listing was published related to the options on offer (the "Offer") and to the admission of 1,799,830,945 ordinary Tiscali shares for listing on the Electronic Stock Market linked to 1,799,830,945 "Tiscali S.p.A. 2009-2014 Warrants" (the "Prospectus").

The Offer, promoted exclusively on the Italian market, regarded Tiscali shares, without nominal value (the "Shares"), with characteristics identical to those already in circulation at the time of their issue, with regular entitlement, deriving from a divisible paid capital increase approved by the Extraordinary Shareholders' Meeting of Tiscali on 30 June 2009 and executed by the Board of Directors on September 21 2009 for a maximum of Euro 180 million (the "Share Capital Increase")

Equita SIM acted as advisor and placement agent in the Share Capital Increase.

The Shares were offered under option to existing shareholders in proportion to the stake held by each of them pursuant to Article 2441, first paragraph of the Italian Civil Code in the ratio – established by the Chairman of the Board of Directors and Managing Director - of 643 Shares for every 22 ordinary shares held, at a price of Euro 0.1 per share

Each of the Shares subscribed under the Offer was combined with a free "Tiscali SpA 2009-2014 Warrant". On 5 October 2009 Borsa Italiana authorised (procedure N. 6450) the admission to listing on the Electronic Stock Market of the Warrants.

Holders of Warrants will be entitled to subscribe at any time (from the first trading day of the first month following the issuance of the Warrants or from 1 December 2009) ordinary shares of the Company on the basis of 1 underlying share (the "Underlying Shares") every 20 Warrants exercisable at a subscription price for each Underlying Share of Euro 0.8, including a surcharge of Euro 0.7.

Options rights must be exercised from12 to 30 October 2009 inclusive.

The following table summarises the Offer timeline:

Start of the Offer period and of the trading period of option rights	12 October 2009
First day (inclusive) of trading of option rights	23 October 2009
Last day (inclusive) of the Offer period and end of the subscription period for the Shares	30 October 2009
Communication of Offer results	3 November 2009
Launch of the Offer on the Stock Market of the auction of unsubscribed rights	5 November 2009
Conclusion of the Offer on the Stock Market of the auction of unsubscribed rights	11 November 2009

During the option offer period, 57,226,378 options rights were exercised for the subscription of 1,672,570,957 newly-issued Tiscali ordinary shares, equivalent to 92.93% of the shares offered, for a total value of about EUR 167,257,095. 1,672,570,957 free “Tiscali S.p.A. 2009 – 2014 Warrants” were attached to the 1,672,570,957 Tiscali ordinary shares subscribed.

Of these option rights, 10,905,730 were exercised, directly and indirectly, by Renato Soru as part of his subscription commitment (for the subscription of 318,744,745 newly-issued Tiscali ordinary shares, equal to 17.71% of the shares offered, for a total value of EUR 31,874,474).

Due to the liquidating mechanism, described in detail in the Information Prospectus, the Senior Lenders will cancel a further EUR 43 million of financial debt to that reimbursed for cash with the income from the share capital increase.

Group debt (including Senior debt, Andalas debt and VNIL debt) following the share capital increase will be reduced by around EUR 220 million of debt including interest.

At the end of the offer period, **4,354,152 option rights were not exercised**, equal to around 7% of the offer; these rights will be offered on the stock market, on behalf of Tiscali, by Equita Sim S.p.A., pursuant to Article 2441, third paragraph, Italian Civil Code, **at meetings to be held on 5, 6, 9, 10 and 11 November 2009.**

In each meeting, one fifth of the total unopted rights will be offered, plus, at the meeting subsequent to the first, any remaining option rights from the previous session. The Tiscali ordinary share subscription with warrants of new issue must be carried out at authorised brokers adhering to the centralised management system of Monte Titoli S.p.A. by and not after 12 November 2009, under penalty of forfeiture.

Said option rights may be used for the subscription of ordinary newly-issued Tiscali shares, without nominal value and with characteristics identical to those already in circulation, with regular entitlement, at the price of EUR 0.1 per share in a ratio of 643 new shares for every 22 option rights exercised. Each of the new shares will be combined with a free warrant. The subscription of the new ordinary shares of Tiscali with warrants, shall be made through authorized intermediaries participating in the centralized management system of Monte Titoli SpA no later than November 12, 2009, subject to expiration of the rights. The shares subscribed by the end of the offer on the Stock Exchange will be made available to beneficiaries through authorized intermediaries participating in the centralized management system managed by Monte Titoli SpA within the tenth Stock Exchange trading day following the end of the offer on the stock market.

In view of the results of the offer - which have seen an amount resulting from cash subscriptions in the market exceeds the amount of total payables claimed by the Senior Lenders (equal to around EUR 136 million including estimated interest) - and in view of the expected payment date it is to be noted that, as described in more detail in the Information Prospectus, the subscription commitment of the Senior Lenders would not operate, given the fact that the amounts owed to the same by Tiscali S.p.A would be extinguished through the utilisation, for the same amount, of the proceeds from the share capital increase. Consequently, the Senior Lenders would not, even partially, subscribe Tiscali's share capital increase. Moreover, it is also to be noted that in view of the above and as described, the Senior Lenders would cancel EUR 43 million of senior debt and that, under the write-off mechanism fully described in the Information Prospectus, the second share capital increase approved on 30 June 2009 would not be executed.

Following the offer on the Stock Exchange of the unsubscribed rights, if necessary, the underwriting commitment by Video Networks International Ltd would be activated through compensation, in whole or in part, of the relevant credit, equal to approximately EUR 11.7 million. The final amounts will be communicated to the market after the offer period.

It should be noted that in the event of full subscription to the share capital increase under offer and the consequent liquidation of the amount relating to the second share capital increase of around EUR 42.3 million, the statutory shareholders' equity would be around EUR +130.4 million. Consequently, in consideration of the fact that, assuming full subscription to the share capital increase, the share capital of the Issuer will be EUR 334.6 million, the management body will convene a Shareholders' Meeting in order to adopt the necessary measures in accordance with and pursuant to article 2446 of the Italian Civil Code.

Presentation of the 2009-2013 Business Plan

2009-2013 Business Plan

On 12 October 2009, Tiscali presented the 2009-2013 Business Plan. As part of the capital and financial restructuring plan undertaken by Tiscali Group, the sale of the business belonging to

Tiscali UK, completed 3 July 2009, resulted in a significant reduction in the Group's scope of operations, currently primarily consisting of the Italian business.

The 2009-2013 Business Plan ("Business Plan") reflects this new operation and was subject to the appropriate certification, provided for in Article 67, paragraph 3, letter d) Royal Decree no. 217 of 16 March 1942, by an independent expert who then issued the certification report on 1 July 2009.

The forecast data taken from the Business Plan ("Forecast Data") and the independent auditors' report by Reconta Ernst & Young S.p.A. concerning the review of Forecast Data, in reference to i) the reasonability of assumptions and their underlying elements, and ii) the accounting standards applied in their preparation, are contained in the Information Prospectus published on 9 October 2009, available at Tiscali S.p.A. headquarters (SS195 Km 2.3, Sa Illetta, Cagliari) and at Borsa Italiana S.p.A. (Piazza degli Affari no. 6, Milan), as well as on the company's internet site, www.tiscali.com, and on the site of Borsa Italiana S.p.A., www.borsaitaliana.it., to which the reader is referred for more information.

The main forecasts of the Business Plan are summarised as follows:

(i) revenues at ca EUR 300 million in 2009, with a Compounded Annual Growth forecast of 4% reaching ca EUR 370 million in 2013;

(ii) Adjusted gross operating results (adjusted EBITDA) at approximately EUR 70 million in 2009 (ca 23% on revenues), with growth in subsequent years estimated at 6% annually to reach approximately EUR 90 million in 2013 (ca 25% on revenues);

(iii) Approximately 600 thousand broadband and voice customers in 2009 with a forecast to reach about one million customers in 2013, including about 200 thousand MVNO customers;

(iv) free cash flow from operations (before finance charges and tax) forecast negative cash absorption of ca EUR 11 million in 2009 and positive cash generation of EUR 40 million in 2013;

(v) net profit of around EUR 16 million in 2013 and net debt estimated at around EUR 180 million, with a multiple of ca two times the adjusted EBITDA.

In order to achieve the objectives outlined above, Tiscali Group, in particular, intends to:

1) reposition Tiscali as an innovative brand, reinforcing the original mission of "first mover" in the Italian telecommunications market, including brand communication campaigns and products, both on traditional and internet media. It should be noted that in September 2009, the convergent offer "Tiscali Unica", including the innovative wiPhone service, was launched;
2) increase customer ARPU through the deployment of consumer fixed-mobile converged offerings that incorporate all the potential offered by the IP protocol to provide both Internet access services, mobile voice services with a low-cost and based on IP protocol, in order to reduce the rate of user migration towards competition (the so-called churn rate) and cut the cost for the end user;

3) increase the performance of sales channels by improving the processes of registration and targeted communication campaigns for the product. Furthermore, in order to improve the penetration of the customers in selected areas, Tiscali will use telemarketing campaigns in order to optimize the penetration in certain geographic areas of particular interest. Notably, commercial agreements were concluded in October 2009, with the retailers CHL and Buffetti for distribution of Tiscali products in their network of shops in Italy.

4) strengthen the brand awareness of Tiscali in the business market segment, focusing particularly on SOHO, Small Business to Medium Business. To this customers target Tiscali offers integrated voice and Internet access at competitive prices, using the same technology infrastructure that is utilised for the consumer market. The full integration of mobile voice solutions, to be achieved through the integration of network, aims to increase market share in the business segment. To support the activity described above, Tiscali intends to strengthen its local presence through a targeted increase in direct and indirect sales force;

4.5 Business continuity and the new Business Plan

This Quarterly Report at 30 September 2009 has been prepared on the basis of principles of continuity. As regards the Board of Directors' evaluation of business continuity, please refer to the paragraph entitled "Valuation of the business as a going concern, outlook and prospects" in Par. 4.7 of the half-year report at 30 June 2009.

Financial statements and explanatory notes at 30 September 2009

5 Financial statements and explanatory notes at 30 September 2009

5.1 Consolidated income statement

	30 September 2009	30 September 2008 Restated
(EUR 000)		
Revenues	221,589	244,938
Other income	2,394	2,566
Purchases of materials and outsourced services	119,647	155,335
Payroll and related costs	30,499	40,144
Stock option plan cost	339	2,740
Other operating charges (income)	3,904	(8,907)
Writedowns of receivables from customers	14,984	10,414
Restructuring costs and other writedowns	11,641	996
Amortisation/depreciation	37,680	39,287
Operating result	**5,288**	**7,495**
Share of results of equity investments using the equity method	(33)	(15)
Net financial income (charges)	(49,576)	(58,539)
Pre-tax result	**(44,321)**	**(51,059)**
Income taxes	(11,832)	(1,775)
Net result from continuing operations	**(56,152)**	**(52,835)**
Result from discontinued assets held for sale	(364,397)	(56,993)
Net result for the period	**(420,550)**	**(109,827)**
Attributable to:		
- Equity holders of the parent	**(418,364)**	**(98,199)**
- Minority interests	(2,186)	(11,628)

Overall income statement

(EUR 000)	30 September 2009	30 September 2008 Restated
Result for the period	**(420.550)**	**(109.827)**
Differences on translating the financial statements of foreign companies	-	(28,934)
Fair value equity bond delta	-	(16,120)

Total result of the overall income statement net of taxation	-	(45,054)
Total overall result net of taxation	(420,550)	(154,881)
Attributable to:		
Parent company shareholders	**(418,364)**	**(143,253)**
Minority shareholders	(2,186)	(11,628)
	(420,550)	**(154,881)**

5.2 Consolidated balance sheet

(EUR 000)	30 September 2009	31 December 2008
Non-current assets		
Goodwill	-	438,824
Intangible assets	74,562	191,931
Property, plant and equipment	134,094	232,288
Equity investments	-	33
Other financial assets	16,631	17,313
Deferred tax assets	-	10,507
	225,287	**890,896**
Current assets		
Inventories	1,758	6,880
Receivables from customers	114,578	176,819
Other receivables and other current assets	26,996	46,794
Other current financial assets	40,991	3,430
Cash and cash equivalents	22,013	24,202
	206,336	**258,125**
Assets held for sale	75	56,795
Total Assets	**431,698**	**1,205,817**
Share capital and reserves		
Share capital	156,071	308,273
Share premium reserve	-	990,857
Stock option reserve	4,189	3,840
Translation reserve	-	(157,190)
Cumulative losses and Other reserves	(29,575)	(892,234)
Result for the period	(418,364)	(242,724)
Group shareholders' equity	**(287,679)**	**10,823**
Minority interests	-	(6,046)
Shareholders' equity pertaining to minority shareholders	**-**	**(6,046)**
Total Shareholders' equity	**(287,679)**	**4,777**
Non-current liabilities		
Payables to banks and to other lenders	161,173	30,743
Payables for financial leases	58,675	73,118

Other non-current liabilities	16,270	95,444
Liabilities for pension obligations and staff severance indemnities	4,402	5,001
Provisions for risks and charges	10,412	25,384
	250,931	**229,690**
Current liabilities		
Payables to banks and to other lenders	221,186	510,012
Payables for financial leases	6,500	21,399
Payables to suppliers	153,709	268,899
Other current liabilities	85,923	148,765
	467,318	**949,076**
Liabilities directly related to assets held for sale	1,127	22,274
Total Liabilities and Shareholders' Equity	**431,698**	**1,205,817**

5.3 Consolidated cash flow statement (condensed)

(EUR 000)	30 September 2009	30 September 2008
Net result for the period	**(56,152)**	**(52,835)**
Changes in net cash generated by operations	59,697	16,224
NET CASH GENERATED BY OPERATIONS	**3,545**	**(36,610)**
NET CASH USED FOR INVESTMENT ACTIVITIES	**227,344**	**(44,079)**
NET CASH GENERATED BY/(USED FOR) FINANCIAL ACTIVITIES	**(215,236)**	**3,669**
EFFECT OF ASSETS DISPOSED OF/HELD FOR SALE	**-**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**15,652**	**(77,020)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**25,636**	**134,231**
of which:		
Cash and cash equivalents of assets operating at the beginning of the financial year	*6,236*	*92,719*
Cash and cash equivalents of assets disposed of and/or destined to be sold at the beginning of the year	*19,400*	*41,513*
(Net) increase/decrease of cash and cash equivalents	15,652	(77,020)
Effect of changes in the exchange rates of foreign currencies	126	(1,329)
Cash flow generated by assets sold and/or destined to be sold	(16,556)	(21,457)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**24,858**	**34,425**
of which:		
Cash and cash equivalents of assets operating at the at the end of the period	*22,014*	*14,369*
Cash and cash equivalents of assets disposed of and/or destined to be sold at the end of the period	*2,844*	*20,056*

5.4 Consolidated statement of changes in equity

	Share Capital	Share premium reserve	Stock option reserve	Cumulative losses and Other reserves	Group shareholders' equity	Minority interests	Total
Balance at 1 January 2009	**308,273**	**990,857**	**3,840**	**(1,292,148)**	**10,823**	**(6,046)**	**4,777**
Share capital increase	-	-	-	-	**-**	-	**-**
Increases/(Decreases)	-	-	348	-	**348**	-	**348**
Purchase of own shares	-	-	-	-	**-**	-	**-**
Transfers covering losses	(152,202)	(990,857)	-	1,143,059	**-**	-	**-**
Exchange differences arising on the translation of the financial statements of foreign companies	-	-	-	229,362	**229,362**	-	**229,362**
Changes in the consolidation area	-	-	-	(109,847)	**(109,847)**	8,231	**(101,616)**
Result for the period	-	-	-	*(418,364)*	***(418,364)***	*(2,186)*	***(420,550)***
Other overall gains (losses)	-	-	-	-	***-***	-	***-***
Overall result for the period	-	-	-	(418,364)	**(418,364)**	(2,186)	**(420,550)**
Balance at 30 September 2009	**156,071**	**-**	**4,189**	**(447,939)**	**(287,679)**	**-**	**(287,679)**

5.5 Notes to the interim report on operations at 30 September 2009

Tiscali S.p.A. is a limited company incorporated under the laws of the Republic of Italy at the Cagliari Companies' Register.

The Tiscali Group provides telecommunications services on the fixed network in Italy. In particular, the Company provides integrated Internet access, telephone and multimedia services, and is positioned in the IP technology services segment which uses a standardized technological platform to provide voice, internet and video services.
The interim report on operations at 30 September 2009 is presented in thousands of Euro (EUR), which is the currency used to conduct the Group's operations.

Format and content of accounting statements

The interim report on operations at 30 September 2009 was drawn up in compliance with International Accounting Standards ("IFRS") issued by the Accounting Standards Board ("IASB") as ratified by the European Union. The IFRS also include all the reviewed international accounting standards ("IAS") and all the interpretations by the International Financial Reporting Interpretations Committee ("IFRIC") previously called the Standing Interpretations Committee ("SIC").

The form and content of this interim report on operations has been prepared in accordance the International Accounting Standard No. 34 Interim financial statements (IAS 34), in accordance with art. 154-*ter* of Italian Legislative Decree no. 58 of 24.2.98 (TUF) and subsequent amendments and supplements, also taking into account any relevant CONSOB circulars and resolutions.

The notes have been drawn up in a condensed form, applying the faculty envisaged by IAS 34 and therefore do not include all of the information requested for annual financial statements drawn up in accordance with IFRS; therefore, on the basis of IAS 34, the objective of the following interim report on operations to provide an update on the equity, financial and economic situation with respect to the information provided in the consolidated financial statements at 31 December 2008 and the half year report at 30 June 2009.

The interim report on operations, as required by reference legislation, has been drawn up on a consolidated basis, and has not been audited by Reconta Ernst & Young S.p.A..

The consolidation principles, accounting standards and calculation methods used for the interim report on operations at 30 September 2009 were applied consistently also for the preparation of the quarterly report at 30 September 2008 and the consolidated financial statements at 31 December 2008, presented for comparative purposes.

In order to enable a better comparison, the figures relating to the periods compared have been adjusted where necessary.

Financial statement formats

The methods for presenting the financial statements in the report on operations at 30 September 2009 have been adapted following the enforcement of IAS 1 – "Presentation of financial statements" revised in 2007.

This standard includes new names for the various financial statement formats, and specifically:

- Statement of the financial-equity situation: according to the IFRS, assets and liabilities must be classified as current or non-current or, alternatively, according to the order of their liquidity. The Group has chosen the current/non-current classification approach, with indication, in two separate items, of the "Assets disposed of/destined to be disposed of" and "Liabilities relating to assets disposed of/destined to be disposed of;

- Overall income statement: the IFRS require that this statement include all the economic effects pertaining to the period, irrespective of the fact that they are recorded in the income statement or under shareholders' equity, and a classification of the items based on nature or intended use of the same, besides separating the economic results of the operating activities from the net result of "Assets disposed of/destined to be disposed of". The Group has decided to use two formats:

    - Income statement, which includes just the revenues and costs classified by nature;
    - Overall income statement, which includes the charges and income charged directly to shareholders' equity, net of tax effects.

- Cash flow statement: IAS 7 establishes that the cash flow statement should indicate the cash flows for the period classified among operating, investment and financial activities and separately indicating the total of the cash flows deriving from the "Assets disposed of/destined to be disposed of". The cash flows deriving from operations can alternatively be represented according to the direct method of using the indirect method. The Group has decided to adopt the indirect method.

In line with the IFRS 5, the income values of TiNet and Tiscali UK, disposed of during 2009, are shown in the income statement relating to 30 September 2008 as "Results of assets disposed of or destined to be disposed of".

The income statement for 2008 has been recalculated on the same basis of consolidation as that used at 30 September 2009 to guarantee the comparability of data.

<u>Segment reporting</u>

Under EU Regulation No. 1358/2007 dated 21 November 2007, the Commission of the European Communities approved the introduction, in replacement of IAS 14 "Segment reporting", of IFRS 8 "Business segments", concerning the information to be provided in the financial statements in relation to the business segments in which those preparing the financial statements are active.

A business segment is understood to be the component of an entity:

- which undertakes business activities that generate revenues and costs (including the revenues and costs concerning transactions with other components of the same entity);
- whose operating results are periodically reviewed at the highest operating decision-making level for the purpose of the adoption of decisions regarding the resources to allocate to the segment and the valuation of the results;
- in relation to which separate financial statement information is available.

In contrast to that envisaged by IAS 14, this standard essentially requires that the results of the business segments be identified and represented according to the “management approach”, or rather following the methods used by management during internal reporting activities for the purpose of assessing the performance and allocating the resources between said segments.

The application of this standard has not had any impact on the segment information provided, since the business segments into which the Group’s activities are divided are the same which emerged from the application of IAS 14 “Segment reporting”.

The activities of the Tiscali Group and the related strategies, as well as the underlying activities linked to management control, are structured and defined by geographic area, which therefore represents the primary segment for the purposes of information by business segment. The geographic areas are represented by:

- Italy
- Holding (Tiscali S.p.A.) and other businesses: minor Italian companies and corporate activities.

The activities of Tiscali UK and the TiNet Group, disposed of during the first half of 2009, are no longer represented as geographic areas in the segment reporting.

Lines of business (Access, Voice, Business services / Business, Media) represent the secondary reporting segment, at sector information level.

Non-current assets destined to be disposed of/Assets disposed of

Non-current assets and/or groups of assets undergoing disposal (‘Assets Held for Sale and Discontinued Operations)’, as required by IFRS 5, were classified under a specific item in the balance sheet and are assessed at the lower of the asset’s previous book value and market value, net of any sales costs, until the disposal of the assets themselves.

The assets are thus classified if it is estimated that their book value will be recovered by disposal rather than by the performance of the Company’s normal activities. This condition is observed only when the sale is highly probable, the asset is available for immediate sale in its present condition and the Board of Directors of the Parent Company is committed to the sale, completion of which should be expected within one year from the date of classification.

After the sale, the remaining values were reclassified in the different balance sheet items.

Revenues and costs relating to assets held for sale and/or assets disposed of are stated under the item ‘Results from assets disposed of and/or destined to be disposed of (discontinued operations) if the conditions listed below and established by IFRS 5 apply to such assets:

a) they represent an important independent line of business or geographic business area;
b) they are part of a single co-ordinated plan to dispose of an independent major line of business or geographic business area;
c) they involve subsidiaries acquired exclusively with a view to resale.

The income statement item entitled ‘Results from assets disposed of and/or destined to be disposed of’ contains the following, in a single item and net of the related tax effects:

- the period results achieved by subsidiaries held for sale, including any adjustment of net assets to fair value;
- the result of the ‘discontinued’ operations, including the period result achieved by subsidiaries up to the date of transfer of control to third parties, together with gains and/or losses deriving from disposal.

In conformity with IFRS 5, and with the necessary requirements, the income statements of the UK assets destined to be sold, were recorded under the item of the consolidated income statement “results of assets disposed of and/or destined to be disposed of”, in relation to both the first half of 2009 and 2008, attached to these financial statements for comparative purpose. Therefore, the income statement for the first half of 2008 has consequently been reclassified to permit comparability with that for 2009. As of the date of disposal, 3 July 2009, the British companies were deconsolidated.

With regard to the TiNet Group, steps had already been taken at 31 December 2008 to reclassify the asset and liability balances under “assets held for sale” and “liabilities directly linked to assets held for sale”.

As of the date of disposal, 26 May 2009, the companies in the TiNet Group were deconsolidated, with the exclusion of the residual equity balances (post disposal) of Tiscali International Network BV which were reclassified under on-going activities at 30 June 2009.

Changes in accounting standards

As from 1 January 2009, a number of amendments were applied to the international accounting standards and to the interpretations that are listed below:

- IFRS 8 (Operating segments). On 21 November 2007, Commission Regulation (EC) 1358-2007 was published, assimilating IFRS 8 (Operating segments) at EU level. This standard requires that an entity prepare the information (quantitative and qualitative) regarding the related segments subject to reporting (reportable segments). The reportable segments are components of an entity (business segments or combinations of business segments) for which distinct financial information is available subject to periodic evaluation by the so-called Chief Operating Decision Maker (CODM) so as to allocate resources to the segment and assess the results. The financial information must be represented by means of the same methods and the same criteria used for internal reporting made to the CODM. The application of this standard has not had any impact on the segment information provided, since the business segments into which the Group’s activities are divided are the same which emerged from the application of IAS 14 “Segment reporting”.
- Amendments to IAS 23 (Borrowing costs) On 10 December 2008, Commission Regulation (EC).1260-2008 was published, assimilating the amendments made to IAS 23 (Borrowing costs) at EU level. The main change made to IAS 23 concerns the elimination of the option present in the previous version of the standard which stated, for borrowing costs, the possibility of recording in the income statement in the period in which they were incurred as an alternative to their capitalization (permitted approach). Therefore, in the revised version of IAS 23, the borrowing costs which are directly attributable to the acquisition, construction or production of an asset which requires a significant period of

time before being ready for the envisaged use or sale (so-called qualifying assets), must be capitalized as part of the cost of said asset. This standard is applicable on a forecast basis to borrowing costs relating to assets capitalized as from 1 January 2009. The application of this standard did not have any effect on the consolidated financial statements at 30 September 2009.

- IFRIC 13 (Customer loyalty programmes). On 16 December 2008, Commission Regulation (EC). 1262-2008 was published, assimilating the interpretative document IFRIC 13 (Customer loyalty programmes) at EU level and providing general guidelines for the accounting of customer loyalty programmes. The adoption of the standard is not applicable to the Tiscali Group since no customer loyalty programmes are implemented.
- Amendments to IAS 1 (Financial statement presentation). On 17 December 2008, Commission Regulation (EC). 1274-2008 was published, assimilating the amendments made to IAS 1 (Financial statement presentation) at EU level. The main amendments introduced provide for: the presentation in the statement of changes in shareholders' equity of all the changes deriving from transactions with the shareholders; and the statement of the other changes in shareholders' equity (other than those with the shareholders) as follows:
    1. in one statement of "comprehensive income", which states the revenues and income, costs and charges recorded directly in the income statement, the profit (loss) for the year, as well as the breakdown of the income and costs recorded directly under shareholders' equity (Other comprehensive income); or
    2. in two statements: a statement which shows the components of the profit (loss) for the year (Separate income statement) and a second one which starts with the profit (loss) for the year and showing the components of other comprehensive income (Comprehensive income statement).

The Tiscali Group applied the revised version of the standard as from 1° January 2009 retrospectively, choosing to highlight in the Comprehensive income statement the changes generated by transactions with non-shareholders in addition to the separate income statement. Consequently, the presentation of the statement of changes in shareholders' equity changed.

- Amendments to IFRS 2 (Share-based payment). On 16 December 2008, Commission Regulation (EC) 1261-2008 was published, assimilating the amendments made to IFRS 2 (Share-based payment) at EU level, applicable as from 1 January 2009. The standard clarifies the definition of "vesting conditions" and specifies the cases where the failure to achieve a condition leads to the recognition of the cancellation of the assigned right. Application of these provisions does not have any effect on the Group's consolidated financial statements.
- Amendments to IAS 32 (Financial instruments: presentation) and to IAS 1 (Financial statement presentation). On 21 January 2009, Commission Regulation (EC) 53-2009 was published, assimilating a number of amendments made to standards IAS 32 (Financial instruments: presentation) and IAS 1 (Financial statement presentation) at EU level; these require the reclassification of puttable financial instruments (i.e. those with sell options) and financial instruments which oblige the entity to deliver a portion of the investments in the assets of said entity to a third party in the event of winding up such as shareholders' equity instruments. These changes are not applicable to the Group.

- IFRIC 9 (Reassessment of embedded derivatives) and IAS 39 (Financial instruments: recognition and measurement). The amendments to IFRIC 9 require that the entity estimate whether an embedded derivative must be separated from the host contract or not when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This measurement must be carried out on the basis of pre-existing circumstances, choosing the most recent between the date when the entity become party to the contract and the date of any contractual change which significantly changed the cash flows of the contract. IAS 39 now establishes that if an embedded derivative cannot be gauged reliably, the entire hybrid instrument must remain classified at fair value as profit or loss. The application of this standard has not had any effect on the consolidated financial statements at 30 September 2009.
- IFRIC 16 (Hedges of an net investment in a foreign operation). On 4 June 2009, under regulation No. 460/2009, the European Commission introduced the interpretation IFRIC 16 which clarifies the methods of application of the requisites of standards IAS 21 and IAS 39 in cases when an entity hedges the exchange risk deriving from its net investments in foreign concerns. Application of this standard has not had any effect on the consolidated financial statements at 30 September 2009.
- Amendments to IFRS 1 (First Time adoption of International Reporting Standards) and to IAS 27 (Consolidated and separate financial statements: cost of equity investments in subsidiaries, jointly-controlled entities and associated companies). On 23 January 2009, under regulation No. 69/2009, the European Commission amended IFRS 1 and IAS 27 establishing in particular that the investors are obliged to reveal earnings in the income statement of the separate financial statements being all the dividends of a subsidiary, a jointly-controlled entity or an associated company, even if the dividends are paid by way of reserves prior to acquisition. This amendment has not had an impact on the Group’s financial statements.

Improvements to the IFRS

On 23 January 2009, Commission Regulation (EC) 70-2009 was published, assimilating a number of amendments made to the International Financial Reporting Standards (IFRS) at EU level. The amendments to the standards which came into force as of 1 January 2009, are indicated below:

- IFRS 2 (Vesting condition and cancellation) on the basis of which, for the purpose of measuring payment instruments based on shares, only the service conditions and the performance conditions can be considered as vesting conditions of the plans. The amendment also clarifies that, in the event of cancellation of the plan, it is necessary to apply the same accounting approach whether they derive from the company or they derive from the counterpart;
- IFRS 7 (Financial instruments: disclosure) which makes it possible, under certain circumstances, to reclassify some financial assets other than derivatives from the accounting category "valued at fair value through the income statement". The amendment also makes it possible to transfer loans and receivables from the accounting category "available for sale" to the accounting category "held to maturity" if the company has the intention and ability to hold these instruments for a specific future period;

- IAS 1 (Financial statement presentation): the assets and liabilities relating to derivative financial instruments not held for trading purposes and which do not represent financial guarantee contracts or hedging instruments, must be classified in the financial statements, distinguishing between current and non-current assets and liabilities in relation to their maturity;
- IAS 8 (Profit/loss for the year, decisive errors and changes in the accounting standards);
- IAS 16 (Property, plant and equipment): the amendment provides a number of specifications on the classification and accounting treatment to be adopted by an entity which during its ordinary business activities normally sells elements of property, plant and equipment held for lease to others;
- IAS 19 (Employee benefits): the amendment introduced, to be applied in perspective, clarifies the conduct to be adopted in the event of changes in employee benefits, it defines the methods for the recognition of cost/income relating to past employment services and clarifies the definition of short-term benefits and long-term benefits;
- IAS 20 (Accounting for government grants and disclosure of government assistance): the amendment, to be applied in perspective as from 1 January 2009, establishes that the benefit of a public loan at an interest rate lower than the market one should be treated as a government grant;
- IAS 23 (Borrowing costs): the amendment reviews the definition of borrowing costs;
- IAS 27 (Consolidated and separate financial statements): the amendment, which must be applied in perspective as from 1 January 2009, states that also equity investments evaluated in accordance with IAS 39 in the separate financial statements fall within the sphere of application of IFRS 5 – Non-current assets held for sale and discontinued operations;
- IAS 28 (Investments in associates): the amendment establishes that, in the case of equity investments carried at equity, any impairment loss must not be allocated to the individual assets (and in particular to any goodwill) which make up the book value of the equity investment, but to the value of the investee company in its entirety. Therefore, in the presence of conditions for a subsequent reversal, such impairment reversal must be fully recognised;
- IAS 29 (Accounts reporting in hyperinflationary economies): these are amendments to a standard not applicable to the Group at present;
- IAS 31 (Interests in Joint ventures) amendments linked to that of IAS 28 (Investments in associates). These amendments state that additional information be provided also for equity investments in associated companies and joint ventures valued at fair value according to IAS 39. On a consistent basis, IFRS 7 (Financial instruments disclosure) and IAS 32 (Financial instruments: presentation) have been amended;
- IAS 36 (Impairment of assets): the amendment, which must be applied as of 1 January 2009, states that additional information be provided in the event that the Group determines the recoverable value of the cash generating units using discounting cash flow method;
- IAS 38 (Intangible assets): the amendment, which must be applied as of 1 January 2009, states the recognition in the income statement of promotional and advertising costs. It

establishes that in the event a company incurs charges with future economic benefits without the recording of intangible assets, these must be charged to the income statement at the time the company has the right to access the asset, if it involves the purchase of assets, or when the service is rendered, if it involves the purchase of services. Furthermore, the standard was amended so as to clarify in which cases it is possible to adopt the "methods of the units produced" for the amortization of the intangible assets with a defined useful life;

- IAS 39 (Financial instruments: recognition and measurement): the amendment clarifies how the new rate of effective return of a financial instrument must be calculated on conclusion of a "fair value hedge" relationship; it also specifies the cases when it is possible to reclassify a derivative instrument in or outside the category of "fair value through the income statement";
- IAS 40 (Property investments): these are amendments to a standard not applicable to the Group at present.

Furthermore, IFRS 5 (Non-current assets held for sale and discontinued operations) was amended: the amendment states that if an entity undertakes a sales programme which involves the loss of control over a subsidiary, all the assets and liabilities of said subsidiary must be classified as held for sale, irrespective of the fact that, after the sale, it maintains a minority holding in the former subsidiary. The new version of IFRS 5 will come into force from 1 January 2010.

The application of the "improvements to the IFRS" indicated above will not have any significant effects on the Group's consolidated financial statements.

Revenues

(EUR 000)	30 September 2009	30 September 2008
Revenues	221,589	244,938

The decrease in revenues was essentially the result of the reduction in services in the access segment (particularly narrowband), in "other revenues" and in media and added-value services.

Purchase of materials and outsourced services, payroll and related costs and other operating costs

(EUR 000)	30 September 2009	30 September 2008
Purchase of materials and outsourced services	119,647	155,335
Payroll and related costs	30,499	40,144
Other operating costs	3,904	(8,907)

The reduction in costs compared to the same period of the previous year is due both to the above-cited fall in revenues and to the application of stringent business and administrative cost control policies.

Stock option plan cost and other provisions

(EUR 000)	30 September 2009	30 September 2008
Stock option plan cost and other provisions	339	2,740

The amount reflects the provision for charges relating to the stock option plan for the Italian companies Tiscali S.p.A. and Tiscali Italia S.p.A. also following Mr. Tommaso Pompei's waiver of the stock option plan.

Restructuring costs, provisions for risk reserves and writedowns

(EUR 000)	30 September 2009	30 September 2008
Writedowns of receivables from customers	14,984	10,414
Restructuring costs and other writedowns	11,641	996

As shown in the table, the costs of the item in question amounted to a total of EUR 26.6 million at 30 September 2009. This figure includes around EUR 15 million of costs for writedowns of receivables (EUR 10.4 million in the same period of 2008). This increase is to be attributed solely to the application of more stringent policies regarding consumer credit management.

Furthermore, at 30 September 2009, around EUR 10 million was recorded as accessory charges relating to debt restructuring (see the section entitled Financial Situation in the report on operations).

Financial income and charges

Financial charges and the relative trend are linked to the structure of Group debt. The figure for the first nine months was negative and equal to EUR 49.6 million, an improvement on the figure for the corresponding period of the previous year, which was negative for EUR 58.5 million, and should be considered with relation to the debt restructuring process, implemented by the Company in the first few months of the current year, which had led to a different debt structure and cost. On completion of the debt restructuring process, the cost of debt is expected to fall significantly.

Non-current assets

(EUR 000)	**30 September 2009**	**31 December 2008**
Goodwill	-	438,824
Intangible assets	74,562	191,931
Property, plant and equipment	134,094	232,288
Equity investments	-	33
Other financial assets	16,631	17,313
Deferred tax assets	-	10,507

The disposal of the British subsidiaries resulted in the reclassification of goodwill (amounting to EUR 438.8 million) at 31 December 2008 relating to said subsidiaries under assets held for sale.

Non-current assets also include intangible assets and tangible assets related to Property, plant and equipment, amounting to a total of EUR 208.6 million at 30 September 2009 (EUR 424.2 million at 31 December 2008).

Non-current assets also include *Other financial assets* totalling EUR 16.6 million (EUR 17.3 million at 31 December 2008), guarantee deposits of EUR 6.8 million, EUR 6.2 million of which refers to the Italian subsidiary Tiscali Italia S.p.A. related to the “Sale and Leaseback” transaction on the Sa Illetta property, as well as EUR 6.4 million in receivables resulting from the sale of the TiNet Group. This item also includes the value of the equity investment owned by Tiscali Italia S.p.A. in Janna of EUR 2.3 million.

At 30 September 2009, there are no Deferred tax assets recorded in the financial statements, the deferred tax assets recorded in the financial statements at 31 December 2008, amounting to EUR 10.5 million and reversed during the course of the year, referred to prior tax losses brought forward by Tiscali Group companies, relating to the subsidiary Tiscali International BV, parent company of the Dutch tax consolidation system.

Current assets

(EUR 000)	**30 September 2009**	**31 December 2008**
Inventories	1,758	6,880
Receivables from customers	114,578	176,819
Other receivables and other current assets	26,996	46,794
Other current financial assets	40,991	3,430
Cash and cash equivalents	22,013	24,202

Current assets are mostly represented by Receivables from customers, amounting to EUR 114.6 million at 30 September 2009, against a figure of EUR 176.8 million at 31 December 2008. Other current assets include other receivables (including VAT credit), accrued income and prepaid expenses relating to services.

The balance also includes several items of a financial nature, including other current financial assets, totalling EUR 41 million, which includes the escrow account related to the disposal of UK assets, and cash and cash equivalents (EUR 22 million at 30 September 2009).

Non-current liabilities

(EUR 000)	**30 September 2009**	**31 December 2008**
Payables to lenders and other lenders	161,173	30,743
Payables for finance leases	58,675	73,118

Other non-current liabilities	16,270	95,444
Liabilities for pension obligations and staff severance indemnities	4,402	5,001
Provisions for risks and charges	10,412	25,384

Non-current liabilities at 30 September 2009 amounted to a total of EUR 250.9 million (EUR 229.7 million at 31 December 2008).

Non-current liabilities include the amount represented by the new debt to *Senior Lenders*, restructured as of 3 July 2009, amounting to EUR 161.2 million (including interest calculated from 3 July 2009 to 30 September 2009); the debt booked to the accounts of the Italian subsidiary company Tiscali Italia S.p.A. for the "*Sale and Lease Back*" of the property in Sa Illetta corresponding to EUR 58.7 million.

Other non-current liabilities, amounting to EUR 16.3 million at 30 September 2009 (EUR 95.4 million at 31 December 2008) include the medium-long term debt towards suppliers for the purchase of multi-annual rights to use transmission capacity (IRU).

The balance of non-current liabilities also includes, together with the fund for staff severance indemnities of Italian companies (EUR 4.4 million at 30 September 2009), provisions for risks and charges (EUR 10.4 million).

Current liabilities

(EUR 000)	**30 September 2009**	**31 December 2008**
Payables to lenders and other lenders	221,186	510,012
Payables for finance leases	6,500	21,399
Payables to suppliers	153,709	268,899
Other current liabilities	85,923	148,765

Current liabilities totalled EUR 467.3 million against EUR 949.1 million at 31 December 2008. Financial items include payables to banks and other lenders of EUR 221.2 million against 31 December 2008 (balance of EUR 510 million). This item mainly includes the residual debt to *Senior Lenders* of EUR 176.6 million (including interest calculated for the period between 3 July 2009 and 30 September 2009), bank payables of Tiscali Italia S.p.A. and of EUR 13.4 million, as well as the debt to the Andalas shareholder of EUR 31.2 million.

As described in the Half-yearly report, in the paragraph entitled *Events subsequent to the end of the half year period,* on 3 July, the Company disposed of its UK operations for GBP 236 million. Proceeds from the disposal were partially used to reimburse the financial debt to Senior Lenders (around GBP 180 million), as well as to pay debts towards Tiscali UK management (around GBP 8 million) and debts to the former minority shareholder VNIL (around GBP 7 million).

Net of the partial reimbursement of the debt to the Senior Lenders of EUR 207 million, the residual debt of EUR 332.8 million was restructured for a nominal amount of EUR 158.5 million (EUR 161.2 million including interest at 30 September 2009), and the remainder, EUR 174.3 million (EUR 176.6 million including interest at 30 September 2009), will be used for compensation or liquidation following the share capital increases 1 and 2 (envisaged by 31 December 2009 and 28 February 2010 respectively).

The restructured debt, amounting to a nominal value of EUR 158.5 million was recognised under the amortised cost criteria (IAS 23). Note that, consistent with IAS 39, section 40-41, accessory charges related to the debt restructuring (around EUR 10 million) were not capitalised, given that the principle provides that they must be fully expensed in the income statement.

Non-financial items refer, in particular, to payables to suppliers (EUR 153.7 million at 30 September 2009, compared to a balance of EUR 268.9 million at 31 December 2008), together with other current liabilities, including in particular accrued expenses pertaining to the purchase of access services, line rentals and other operating payables

Shareholders' equity

(EUR 000)	**30 September 2009**	**31 December 2008**
Share capital	156,071	308,273
Share premium reserve	-	990,857
Stock Option reserve	4,189	3,840
Translation reserve	-	(157,190)
Profit brought forward and for the period and other reserves	(447,939)	(1,134,958)
Group shareholders' equity	**(287,679)**	**10,823**
Minority interests	**-**	(6,046)
Total shareholders' equity	**(287,679)**	**4,777**

Changes in the various items of shareholders' equity are detailed in the relative table.

At 30 September 2009, the share capital amounted to EUR 156.1 million, corresponding to 61,654,548 ordinary shares.

The share premium reserve amounted to EUR 990.9 million at December 2008, and to zero at 30 September 2009, as it had been used, in the first half of 2009, to cover the cumulative losses at 31 December 2008.

Business segments

Under EU Regulation No. 1358/2007 dated 21 November 2007, the Commission of the European Communities approved the introduction, in replacement of IAS 14 "Segment reporting", of IFRS 8

“Business segments”, concerning the information to be provided in the financial statements in relation to the business segments in which those preparing the financial statements are active.

A business segment is understood to be the component of an entity:
- which undertakes business activities that generate revenues and costs (including the revenues and costs concerning transactions with other components of the same entity);
- whose operating results are periodically reviewed at the highest operating decision-making level for the purpose of the adoption of decisions regarding the resources to allocate to the segment and the valuation of the results;
- in relation to which separate financial statement information is available.

In contrast to that envisaged by IAS 14, this standard essentially requires that the results of the business segments be identified and represented according to the “management approach”, or rather following the methods used by management during internal reporting activities for the purpose of assessing the performance and allocating the resources between said segments.

The application of this standard has not had any impact on the segment information provided, since the business segments into which the Group’s activities are divided are the same which emerged from the application of IAS 14 “Segment reporting”.

The activities of the Tiscali Group and the related strategies, as well as the underlying activities linked to management control, are structured and defined by geographic area, which therefore represents the primary segment for the purposes of information by business segment. The geographic areas are represented by:

- Italy
- Holding (Tiscali S.p.A.) and other businesses: minor Italian companies and corporate activities.

The activities of Tiscali UK and the TiNet Group, disposed of during the first half of 2009, are no longer represented as geographic areas in the segment reporting.

Lines of business (Access, Voice, Business services / Business, Media) represent the secondary reporting segment, at sector information level.

Income statement

30 September 2009 *(EUR 000)*	**Italy**	**Other**	**Holding**	**HFS / Dis-continued**	**Cancellation adjustments**	**Total**
Revenues						
From third parties	216,225	128	5,236	268,069	(268,069)	221,589
Intra-group	2,173	-	8,734	8,416	(19,322)	-
Total revenues	**218,398**	**128**	**13,970**	**276,484**	**(287,391)**	**221,589**
Operating result	**17,082**	**(2,106)**	**(24,807)**	**(29,068)**	**31,125**	**5,288**
Portion of results of equity investments carried at equity						**(33)**
Financial income						4,119

Financial charges	(53,694)
Net financial income (charges)	(49,576)
Pre-tax result	(44,321)
Income taxes	(11,832)
Net result from operating activities (on-going)	(56,152)
Result from assets disposed of and/or destined for disposal	(364,397)
Net result	**(420,550)**

30 September 2008 *(EUR 000)*	**Italy**	**Other**	**Holding**	**HFS/Dis-continued**	**Cancellation adjustments**	**Total**
Revenues						
From third parties	231,788	1,691	11,458	548,095	(548,095)	244,938
Intra-group	3,230	-	12,300	16,361	(31,891)	-
Total revenues	**235,019**	**1,691**	**23,758**	**564,455**	**(579,986)**	**244,938**
Operating result	**(3,396)**	**9,205**	**(2,331)**	**(60,359)**	**64,375**	**7,495**
Portion of results of equity investments carried at equity						**(15)**
Financial income						9,622
Financial charges						(68,161)
Net financial income (charges)						(58,539)
Pre-tax result						(51,059)
Income taxes						(1,775)
Net result from operating activities (on-going)						(52,835)
Result from assets disposed of and/or destined for disposal						(56,993)
Net result						**(109,827)**

Ongoing disputes, contingent liabilities and commitments

The Tiscali Group is involved in some legal proceedings, which are described in the Report for the first half of 2009. Group Management does not believe that significant liabilities may emerge from the said proceedings or that a negative outcome may have a significant negative effect on the financial, economic and equity position of the Tiscali Group or on future operating results. Moreover, it should be underlined that – if not expressly specified – no allocations have been made to risk provisions without certain and objective elements, or if it is unlikely that an ongoing dispute will have an unfavourable outcome.

Chairman and Managing Director

Mario Rosso

6 Statement of the appointed manager

The Executive in charge of drawing up the corporate accounting documents, Mr. Romano Fischetti, hereby declares, pursuant to subsection 2 of article 154 bis of the Italian Finance Consolidation Act that the accounting information provided in this Interim Report on Operations of the Tiscali S.p.A. Group at 30 September 2009 corresponds to the documentary results, books and accounting records.

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The Executive appointed to draw up the corporate accounting documents

Romano Fischetti

7 Attachment - Glossary

Access fee	this is the amount charged by the national operators for every minute of use of their network by the operators of other networks. It is also known as the 'interconnection fee'.
ADSL	acronym for Asymmetric Digital Subscriber Line, an asymmetric DSL technology (the band available for receiving is greater than that available for transmission) which permits high-speed internet access.
ADSL2+	ADSL technology which extends the basic ADSL capacity, doubling the bit download flow. The band width can reach 24 Mbps in download and 1.5 Mbps in upload and depends on the distance between the DSLAM and the customer's home.
ARPU	average revenue from land-line and mobile telephone services per user calculated over a specific period for the average number of Tiscali Group customers or active customers (for the other operators) in the same period.
Bitstream	Bitstream (or numeric flow) service: service comprising the supply by the operator for access to the land-line based public telephone network of transmission capacity between the position of the end user and the point of presence of an operator or ISP which wishes to offer the broadband service to an end user.
Broadband	data transmission system where several data is sent simultaneously to increase the effective transmission speed with a data flow equal to or greater than 1.5 Mbps.
Broadcast	simultaneous transmission of information to all the nodes of a network.
Business customers	the SoHo, small, medium and large companies.
Capex	acronym for Capital Expenditure. It identifies the outgoing cash flows generated by investments in the operating structure.
Carrier	company which physically makes the telecommunications network available.

Co-location	areas dedicated to the exchanges of the incumbent operator for the installation by Tiscali of its network equipment.
Consumer customers	customers who subscribe to the range intended for households.
CPS	acronym for Carrier Pre Selection, the operator pre-selection system: it permits the operator/supplier of local services to automatically route the calls on the carrier network chosen by the customer who no longer has to dial special selection codes.
CS	acronym for Carrier Selection, operator selection system: it permits the customer to select, by dialling a specific code, a national and international long-distance operator, other than the one with whom they have entered into a contract with to access the network.
Dial Up	narrowband internet connection via a normal telephone call, normally subject to time-based tariffs.
Digital	this is the way of representing a physical variable by means of a language which only uses the figures 0 and 1. The figures are transmitted in binary form as a series of impulses. The digital networks, which are rapidly replacing the old analogue networks, permit greater capacity and increased flexibility by means of the use of computerized technology for the transmission and manipulation of the calls. Digital systems offer minor interference with regard to noise and may comprise cryptography as protection from outside interference.
Double Play	combined internet access and land-line telephone product.
DSL Network	acronym for Digital Subscriber Line Network: this is a network created starting off from the existing telephone lines using DSL technology instruments which, adopting sophisticated modulation mechanisms, makes it possible to package data on copper cables and thus connect a telephone switching station to a home or office.

DSLAM acronym for Digital Subscriber Line Access Multiplexer, the multiplexing equipment, used in DSL technologies, which provides high capacity data transmission on the telephone duplex, where multiplexing equipment is understood to be a device which permits the transmission of information (voice, data, video) in flows via direct and on-going connections between two different points of a network.

Fibre Optics thin fibres of glass, silicon or plastic which make up the base for an infrastructure for data transmission. A fibre cable contains various individual fibres, each capable of conveying the signal (light impulses) to a practically unlimited length of band. They are usually used for long-distance transmission, for the transfer of 'heavy' data so that the signal arrives protected from disturbance which it may meet along its route. The transport capacity of the fibre optic cable is considerably greater than traditional cables and the copper duplex cable.

GigaEthernet term used to describe the various technologies which implement the nominal speed of an Ethernet network (the standard protocol of boards and cables for speedy connection between computers on a local network) up to 1 gigabit per second.

Home Network local network comprising various types of terminals, apparatus, systems and user network, with related applications and services, including therein all the equipment installed at the user's.

Hosting service which involves allocating the pages of a website site on a web server, thereby making it accessible to the internet.

Incumbent former monopolist operator active in the telecommunications sector.

IP acronym for Internet Protocol, Inter-Networking Protocol, created to interconnect mixed networks with regard to technology, services, and handling.

IPTV acronym for Internet Protocol Television, technology suitable for using the IP transport infrastructure so as to convey TV contents in digital format, using an internet connection.

IRU	acronym for Indefeasible Right of Use, long-term agreements which ensure the beneficiary the possibility of use of the fibre optic network of the grantor for a long period.
ISDN	acronym for Integrated Service Digital Network, Narrowband telecommunication protocol cable for transporting various types of information in an integrated manner (voice, data, text, images), coded in digital form, on the same transmission line.
Internet Service Provider or ISP	a company which provides access to the Internet to individual issuers or organizations.
Leased lines	lines of transmission capacity available under transmission capacity lease agreement.
MAN	acronym for Metropolitan Area Network, the fibre optic network which extends within metropolitan areas and links the Core Network to the Access network.
Mbps	acronym for megabit per second, unit of measurement which indicates the capacity (therefore the speed) of transmission of the data on the IT network.
Modem	modulator/demodulator. It is a device which modulates the digital data so as to permit its transmission on analogue channels, generally comprising telephone lines.
MNO	acronym for Mobile Network Operator, the telecommunications operator who owns the mobile network which offers its services wholesale to the MVNO (Mobile Virtual Network Operator).
MPF	acronym for Metallic Path Facility, the pair of copper cables (unshielded helicoidal pair) which starts off from the permutator (MDF -Main Distribution Frame) present in the telephone exchange of the operator and arrives at the premises of the user (private individual or business). The connections can be Full or Shared. A “Full” type connection enables both the fruition of the data service (wideband) and the voice service). A “Shared” type connection only enables the fruition of the data services (broadband). In the service under “shared access”, the LLU operator (under unbundled access) provides the ADSL service to the end user, while the incumbent operator provides the analogue telephone service using the same access line.

MSAN acronym for Multi-Service Access Node, a platform capable of transporting a combination of traditional services on an IP network and which supports a variety of access technologies such as for example the traditional telephone lines (POTS), the ADSL2+ line, the SHDSL symmetrical lines, the VDSL and the VDSL2, both via copper and fibre networks.

MVNO acronym for Mobile Virtual Network Operators: a party who offers mobile telecommunications services to the general public, using its mobile network switching structures, its own HLR, its own mobile network code (MNC, Mobile Network Code), its own activities for customer handling (marketing, invoicing, service) and issuing its own SIM card, but which does not have assigned frequential resources and avails itself, for access purposes, of agreements on a contractual or regulatory basis with one or more licensee mobile network operators.

Narrowband method of connection to data networks, for example Internet, established by means of a telephone call. In this type of connection, all the band width of the transmission medium is used as a single channel: a sole signal occupies all the available band. The band width of a communication canne identifies the maximum quantity of data which can be transported by the transmission medium in a unit of time. The capacity of a communication channel is limited by both the interval of the frequencies which the medium can sustain and by the distance to be travelled. A Narrowband connection example is the common Narrowband connection via modem at 56 Kbps.

OLO acronym for Other Licensed Operators, operators other than the dominant one who operates on the national market of telecommunications services.

Opex acronym for Operating Expenses (operating costs), these are direct and indirect costs which are recorded in the income statement.

Pay-Per-View system via which the viewer pays to see a single programme (such as a sporting event, film or concert) at the time it is transmitted or broadcast.

Pay TV	Pay television channels. In order to receive Pay TV or Pay-Per-View channels, it is necessary to link up the television to a decoder and have a qualified access system.
Platform	all the input, including the hardware, software, running equipment and procedures, in order to produce (production platform) or manage (management platform) a specific service (service platform).
POP	acronym for Point of Presence, location where the telecommunications equipment is installed and which represents a network node.
Portal	website which represents the point of departure or rather an entry port for a substantial group of Internet resources or an Intranet.
Router	hardware instrument or in some cases software, which identifies the subsequent point of the network to which the bundle of data received is to be sent, routing this data bundle to its final destination.
Server	IT component which provides services to other components (typically customer calls) via a network.
Service Provider	party which provides the end users and the content providers with a range of services, including an owned service centre, exclusive or third party.
Set-top-box or STB	equipment capable of handling and conveying the data, voice and television connection, installed at the end customer’s.
Shared access	unbundled access to the local network where the former monopolist operator rents part of the duplex cable spectrum to other operators: in this portion of spectrum, the operator can provide Broadband services, while the former monopolist operator continues to provide telephone services on the spectrum portion not rented out.
SHDSL	acronym for Single-pair High-speed Digital Subscriber Line. The SHDSL is a technology for xDSL family telecommunications and is achieved by means of direct interconnection under LLU and permits a high-speed balanced data connection in both directions (transmission and receipt).

Single Play	service comprising just broadband data access, not in combination with other multi-play components like the voice service and IPTV. Broadband access can be provided by means of LLU, Wholesale or Bitstream platforms.
Single Play voce	comprises solely access to the voice service, not in combination with other multi-play components like broadband access and IPTV. The voice service can be provided by VoIP and CPS modes.
SoHo	acronym for Small office Home office, small offices, mainly professional studios and small businesses.
SMPF	acronym for Shared Metallic Path Facilities, synonym of Shared Access (unbundled access).
Syndication	the re-sale of radio and TV transmission to the wholesale trade by a media company who owns the rights and usually also the delivery platform.
Triple Play	combined range of land-line and/or mobile telephone, Internet and/or TV services by a single operator.
Unbundling of the local loop or ULL	unbundled access to the local network, or rather the possibility that the telephone operators have, since the telecommunications market was deregulated, of using the existing physical infrastructure created by another operator, so as to offer customers their own services, paying a fee to the operator who actually owns the infrastructure.
Uncovered areas	also known as “indirect access areas”, they identify the geographic areas which are not served directly by Tiscali’s network (also see Bitstream and Wholesale).

VAS acronym for Value-Added Services, value added services provide a greater level of functioning with respect to basic transmission services offered by a telecommunications network for the transfer of information between its terminals. They include the analogue voice communications switched via cable or wireless; direct point-to-point digital service “without restrictions” at 9,600 bit/s; package switching (virtual call); analogue and direct broadband transmission of TV signals and additional services, such as closed group of users; calls on hold; reverse charge calls; call forwarding and caller identification. The value added services provided by the network, terminals or specialized centres include the message handling services (MHS) (which can be used, among other things, for commercial documents according to a predeterminate set of forms); electronic lists of users, network addresses and terminals; e-mail; fax; teletext; videotext and video-telephone. Value added services may also include voice telephone value added services such as free-phone numbers or pay telephone services.

VISP acronym for Virtual Internet Service provision (sometimes also called Wholesale ISP. This is the re-sale of internet services acquired wholesale from an Internet Service Provider (ISP) which possesses a network infrastructure.

VoD acronym for Video On Demand, this is the supply of television programmes on request to the user against payment of a subscription fee or an amount for each programme (a film, a football game) purchased. Broadcast in a special manner for satellite TV and cable TV.

VoIP acronym for Voice over Internet Protocol, digital technology which permits the transmission of voice packages via Internet, Intranet, Extranet and VPN networks. The packages are transported according to H.323 specifications, or the ITU (International Telecommunications Union) standard, which represents the basis for the data, audio, video and communications services on IP-type networks.

VPN	acronym for Virtual Private Network, created on the Internet or Intranet. The data between workstation and server of the private network is forwarded via a common public Internet network, but using technologies for protection from any interception from unauthorized parties.
Virtual Unbundling of the local loop or VULL	method for accessing the local analogue network for which, despite the absence of physical infrastructures, the conditions and terms of access under LLU mode are re-produced. This is a temporary access method which, as a rule, is replaced by the LLU method.
xDSL	acronym of Digital Subscribers Lines, a technology which, via a modem, uses the normal telephone duplex cable and transforms the traditional telephone line into a high-speed digital connection line for the transfer of data. The various ADSL, ADSL 2, SHDSL etc., belong to this family of technologies.
WI-FI.	service for connecting to Internet in high-speed wireless mode.
Wi-Max	acronym for Worldwide Interoperability for Microwave Access: it is a technology which permits wireless access to broadband telecommunications networks. It was established by the WiMAX Forum, a global forum, made up of the most important companies in the field of land-based and mobile telecommunications which has the purpose of developing, promoting and testing the interoperability of systems based on the IEEE 802.16-2004 standard for land-line access and the IEEE.802.16e-2005 standard for land-line and mobile access.
Wholesale	services which involve the re-sale to third parties of access services.
WLR	acronym for Wholesale Line Rental, the re-sale by a telecommunications operator of the service for the rental of lines from the Incumbent.