QUARTERLY REPORT AT 31 MARCH 2008
FIRST QUARTER 2008

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TISCALI S.P.A.
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DIRECTORS AND AUDITORS

- **Composition of the corporate bodies**
- **Board of Directors**

Chairman* and CEO

Mario Rosso

Chief Financial Officer (CFO)

Massimo Cristofori

Directors

Francesco Bizzarri

Arnaldo Borghesi

Umberto De Iulio*

- **Board of Statutory Auditors**

Chairman

Aldo Pavan

Statutory Auditors

Piero Maccioni

Massimo Giaconia

Deputy Auditors

Andrea Zini

Rita Casu

- **Independent Auditing Firm**

Ernst &Young S.p.A

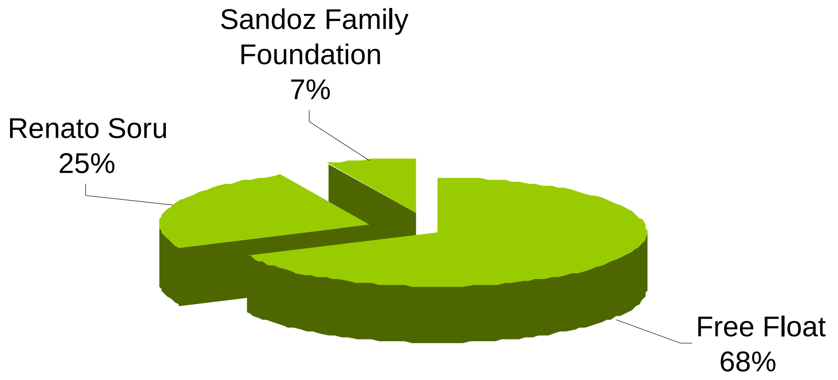
*** Since 29 April 2008**

TISCALI SHARES

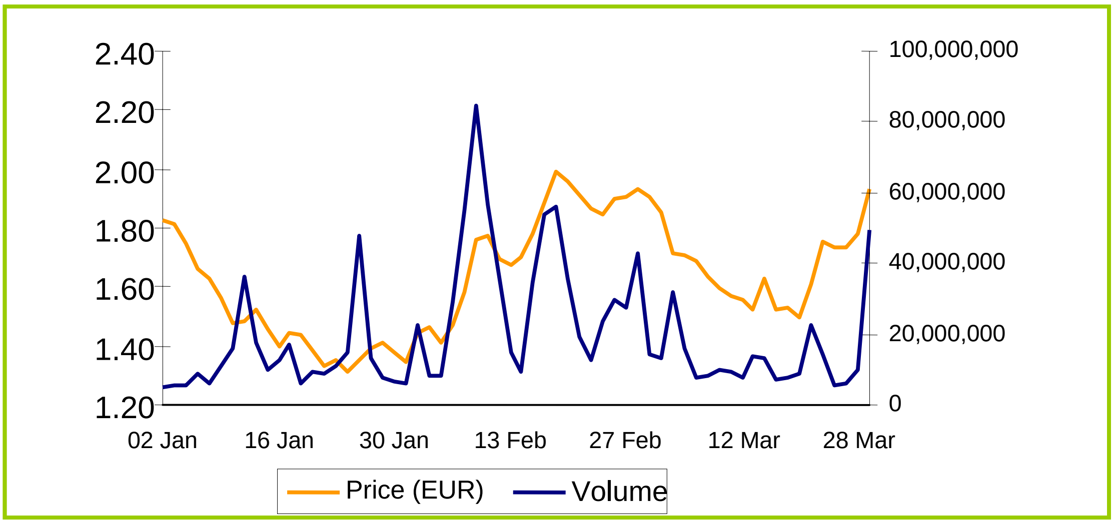
Tiscali shares have been listed on the Italian Stock Exchange (Milan:TIS) since October 1999. At 31 March 2008, market capitalisation amounted to EUR 1,109 million, calculated on the value of EUR 1.933 per share at 31 March 2008.

The number of shares representing the Group's share capital at 31 March 2008 amounted to 574,206,043.

The Tiscali shareholder base at 31 March 2008 is illustrated below:



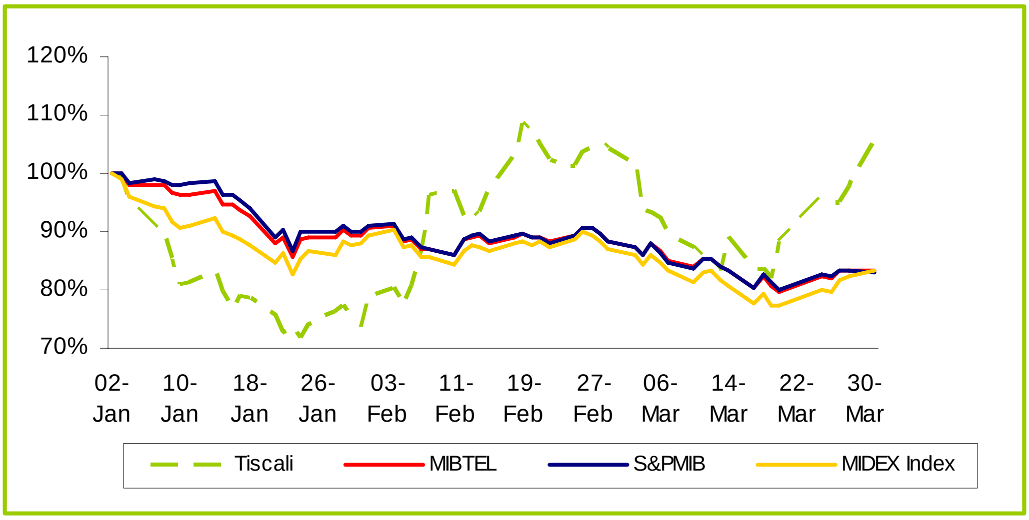
The graph below illustrates the movements in the Tiscali share price during the first quarter 2008, and shows that the shares performed well and trading volumes were strong, particularly during the month of February. We also note that on 14 January the Company launched a share capital increase under option for around EUR 150 million, completed in February, which explains the weak performance of the Tiscali shares during the early weeks of the year.



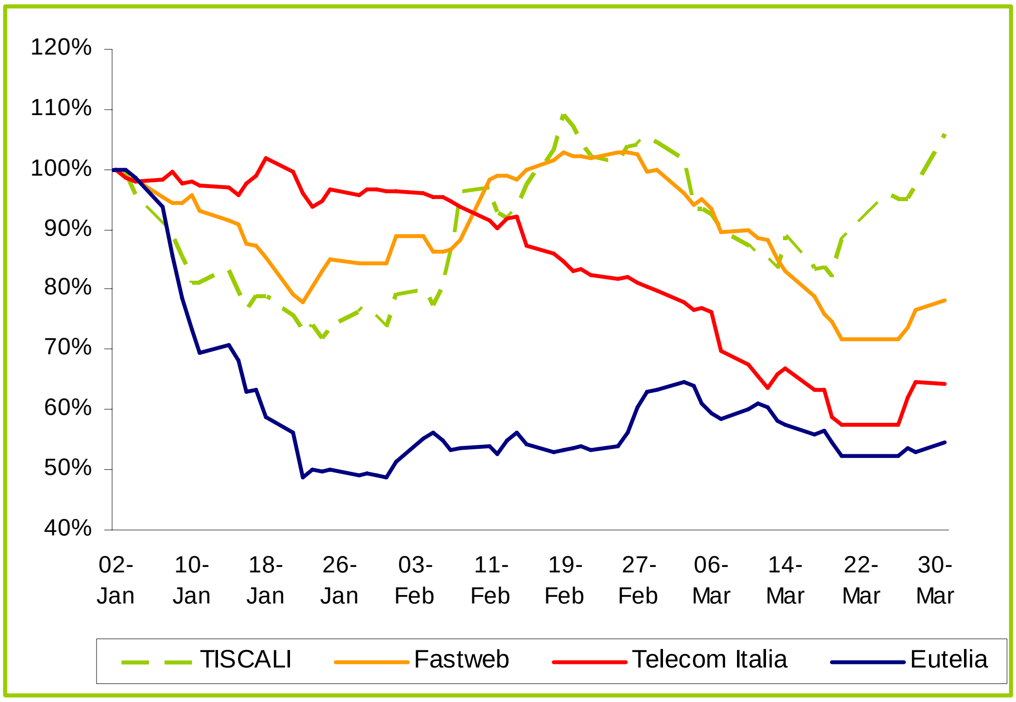
Source: Bloomberg

The average price per share during the quarter was EUR 1.63. The maximum price of EUR 1.988 for the period was recorded on 19 February, and the minimum of EUR 1.309 on 24 January, during the execution of the share capital increase under option.

The graphs below show the performance of the Tiscali shares against the market indexes and the main Italian competitors:



Source: Bloomberg



Source: Bloomberg

During the quarter trading volumes reached a monthly daily average of approximately 19.5 million shares, with an increase in February.

Average trading in Tiscali shares on the Italian Stock Exchange during the first quarter		
	Price (EUR)	**Number of shares**
January	1,487	12,788,138
February	1,755	32,117,697
March	1,661	13,822,070
Average	**1,634**	**19,575,968**

KEY FIGURES

Income statement (EUR 000,000)		
	First quarter 2008	**First quarter 2007**
• Revenues	276.4	193.2
• Gross Operating Result	48.3	25.2
• Operating result	(16.4)	(16.8)
Balance sheet (EUR 000,000)		
	At 31 March 2008	**At 31 December 2007**
• Total Assets	1,549.2	1,600.0
• Net Financial Debt	520.1	636.5
• Shareholders’ equity	278.0	207.0
• Investments	46.5	193.5
Non Financial Figures (EUR 000)		
	At 31 March 2008	**At 31 March 2007**
Access Users	3,418	3,368
ADSL Users (broadband)	2,456	1,954
of which: unbundled ADSL users	1,134	707

ANALYSIS OF THE GROUP ECONOMIC, EQUITY AND FINANCIAL POSITION

RESULTS AND PERFORMANCE OF TISCALI GROUP

EUR 000 CONSOLIDATED INCOME STATEMENT	First Quarter 2008	First Quarter 2007
Revenues	**276,437**	**193,189**
Other income	1,482	1,216
Purchase of materials and outsourced services	203,133	143,767
Payroll and related costs	24,843	25,181
Other operating costs	1,596	250
Gross operating result	**48,347**	**25,207**
Write-downs of receivables from customers	5,996	4,935
Cost of stock option plans	1,542	136
Gross operating result net of write-downs of receivables and costs of stock option plans	**40,809**	**20,136**
Restructuring costs and other write-downs	12,139	872
Amortisation/depreciation	45,035	36,041
Operating result	**(16,364)**	**(16,777)**
Portion of results of equity investments carried at equity	**-**	(142)
Net financial income (charges)	(22,799)	(12,657)
Other net financial income (charges)	-	(13,321)
Pre-tax result	**(39,163)**	**(42,897)**
Income taxes	(228)	44
Net result from operating activities (on-going)	**(39,392)**	**(42,941)**
Result from assets disposed of and/or destined to be disposed of	(580)	(1,070)
Net result	**(39,971)**	**(44,012)**

The revenues of the Tiscali Group for the first quarter 2008 amounted to EUR 276.4 million, up by 43% compared to the figure of EUR 193.2 million for the corresponding quarter in 2007. This growth was driven by the acceleration in ADSL (+39%) and voice (+111%) revenues, thanks to the success of the double play offers in Italy and England.

Internet access and voice services represented over 80% of the Group's turnover during the quarter, reflecting the success of the business model implemented by Tiscali over the last two financial years.

The Group's profitability improved, with a Gross Operating Profit (EBITDA) before provisions of EUR 48.3 million, up by 92% compared to the EBITDA of EUR 25.2 million recorded in the first quarter 2007, with profitability as a proportion of revenues up by 4 percentage points (17% in the first quarter 2008 against 13% for the first quarter 2007). As a result, the operating profit for the quarter, net of restructuring costs linked to the acquisition of Pipex, showed a loss of EUR 5.3 million, much lower than the comparable figure for the first quarter 2007 (EUR 15.9 million).

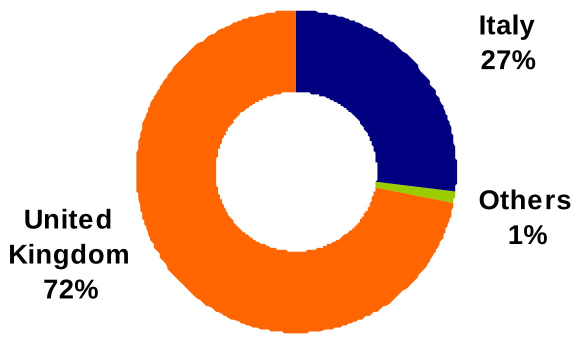
This figure also reflects the success of the integration of the Pipex broadband and voice division, which saw the implementation of network and staff synergies and the migration of customers to the Tiscali network in line with or earlier than the planned timeframes.

The number of ADSL users increased by over 500 thousand compared to 31 March 2007 (74 thousand during the quarter) reaching more than 2.456 million customers, with over 1.13 million direct customers and more than one million customers buying bundled services (voice with VoIP and CPS and internet access). Thanks to this growth the Group has increased its share of the broadband market in Italy to up to around 6% and maintained its 12% share in the UK, despite the greater competition, increasing the Group's average ARPU for broadband services to retail users from EUR 29 per month in 2007 to EUR 30 per month in the first quarter 2008.

The launch on a larger scale of IPTV services (Tiscali TV) and virtual mobile phone services in Italy in the second half of the year are expected to have a positive impact on the acquisition of customers and the building up of customer loyalty.

We also report that following the merger of Tiscali Italia S.p.A. and Tiscali Services S.p.A. with effect from 1 January 2008, the figures detailed in this report concerning the Italian subsidiary include within Tiscali Italia the new consolidation area that has been rendered equivalent also for the purposes of comparison with the quarterly report at 31 March 2007.

REVENUES BY GEOGRAPHIC AREA



** The item Others includes revenues derived from the Tinet subsidiaries and other minor subsidiaries.*

Italy

Tiscali Italia S.p.A. (already including Tiscali Services srl) generated revenues of EUR 75.2 million in the first quarter, compared to EUR 64.4 million during the same quarter in 2007, an increase of 17%. The revenues from ADSL access services amounted to EUR 28.6 million, an increase of 25% compared to EUR 22.8 million during the first quarter 2007. ADSL revenues also include bundled offers with voice services, for the "flat" component. The traffic generated, on the other hand, is included in the "Voice" revenue line.

Voice revenues amounted to EUR 21.8 million in the quarter, an increase of 57% compared to the first quarter 2007 (EUR 13.9 million).

At 31 March 2008 Tiscali recorded a net increase of more than 110,000 new ADSL customers in Italy compared to 31 March 2007 (+28,000 in the quarter, corresponding to around 10% of the net new additions in the quarter) bringing the total customer base for this service up to 580,000 including more than 350,000 already active and linked to the Tiscali network infrastructure (unbundled). In Italy, during this quarter, the broadband market share increased to around 6%.

During the same period over 74,000 customers subscribed to the *double play* services in Italy (data and voice via the internet) bringing the total number of double play customers up to 185,000. The customer base using dial-up access (narrowband) and CPS voice services stood at around 500,000 users.

The unbundled network coverage in Italy at 31 March 2008 amounted to 1,150 sites (55% of the lines), consisting of around 500 direct unbundled and 650 virtual unbundled sites.

The average ARPU for broadband services in Italy amounted to EUR 29 per month, in line with planned targets.

With the launch on a wider scale of IPTV (extended to 9 cities from May 2008) and of mobile communication, we expect an increase in the ARPU and customer loyalty.

United Kingdom

Tiscali UK generated revenues of EUR 197.9 million during the quarter, an increase of 55% compared to the first quarter 2007 (revenues of EUR 128.0 million). We note that the figure for the first quarter 2008 includes around EUR 82.9 million of revenues originating from the Pipex broadband and voice division, which has been consolidated since September 2007.

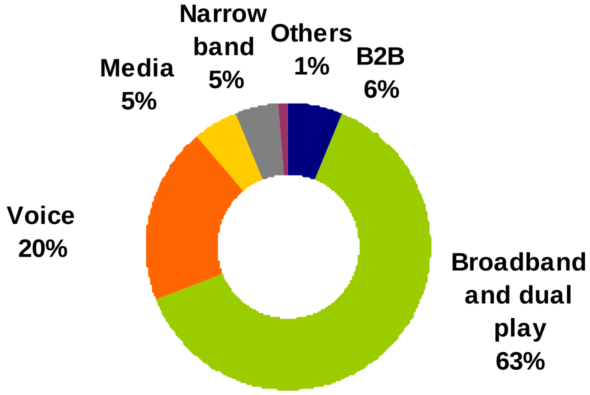
This performance is the result of growth in the ADSL access services segment that generated revenues of EUR 116.0 million (59% of total revenues) during the quarter, compared to EUR 81.1 million during the first quarter 2007, representing an increase of 43%. Voice services, which also include analogue products sold along with ADSL services, generated revenues of EUR 60.9 million, up by 147% compared to the EUR 24.7 million earned during the same period in 2007.

At 31 March 2008, approximately 391,000 ADSL users had been acquired with respect to 31 March 2007 (+46,000 during the quarter), bringing the total number of users up to 1,875,000, including 780,000 direct (ULL) customers, and around 830,000 customers subscribing to dual play services. The broadband market share at 31 March 2008 remained constant at around 12 %.

The unbundled network coverage in the United Kingdom at 31 March 2008 amounted to 850 sites (55% of the lines). The average ARPU for broadband services in the UK amounted to EUR 29 per month, in line with planned targets.

REVENUES BY BUSINESS LINE

Breakdown of revenues by business line and access mode

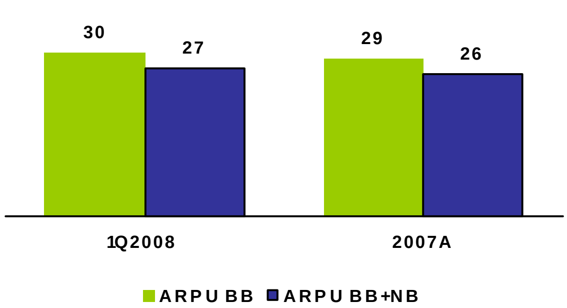


Access

This segment includes revenues from internet access services in broadband (ADSL) and narrowband (dial-up) mode and generated revenues of EUR 159.8 million during the quarter, representing approximately 58% of the total Group revenues for the quarter, an increase of 25% compared to the figure for the same period in 2007 (EUR 128.1 million). Looking solely at ADSL revenues, which include the "flat" component of the access and bundled voice service offers, we see an increase of 39% during the first quarter 2008 compared to the first quarter 2007 (EUR 144.6 million against EUR 103.9 million).

The ADSL customer base acquired during the first quarter amounted to 74,000, bringing the total number of customers accessing this service to over 2.4 million (2,456,000), half of which (1.1 million) are set up as direct customers, in other words connected to the Tiscali network in unbundling mode (ULL).

ARPU Trend



Voice

The voice segment, which includes both the traditional telephone service and a component of the variable traffic generated by voice services on IP offered in bundled mode with the development of voice services, is part of Tiscali's plan to set itself up as a supplier of integrated telecommunication services. Indeed, these services have allowed us to achieve a significant growth in revenues during the first quarter of the year (+112%), especially thanks to the offers of voice products (both in analogue and VoIP mode) provided to customers together with access services. The voice revenues for the first quarter 2007 totalled EUR 39.2 million, compared to EUR 82.9 million for the first quarter 2008. The total revenues for the first quarter included EUR 31.8 million for VoIP services.

Business services

During the first three months of 2008, the revenues from business services (VPN services, housing, hosting, domains and leased lines), which do not include revenues from access and/or voice products for the same customer base that are included in their respective business lines, amounted to EUR 17.6 million, a 35% increase over the EUR 13.0 million in the first quarter 2007.

This figure reflects the acquisition of Pipex B2B users in England and a greater focus on the development of services in Italy.

Media and value added services

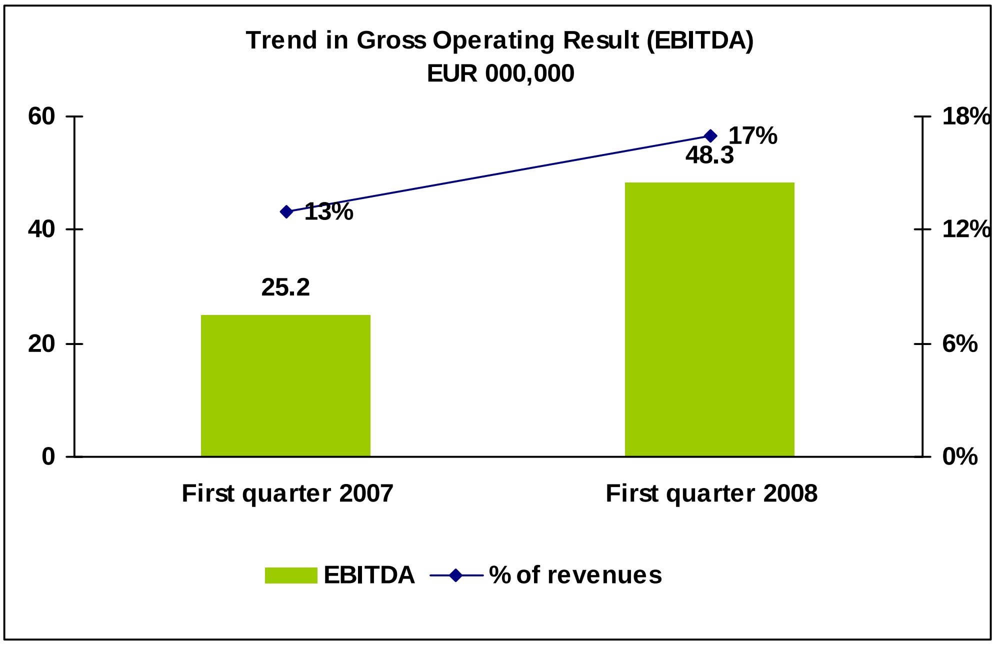
In the first quarter 2008, revenues in this segment (linked to direct and indirect advertising through commercial contracts with search engines) amounted to EUR 12.9 million, an increase of 3% compared to the first quarter revenues in 2007 (EUR 12.4 million).

GROSS OPERATING RESULT (EBITDA):

The Gross Operating Result (EBITDA) for the quarter, before provisions for risks, write-downs, depreciation and amortisation, was EUR 48.3 million, an increase of 92% compared to the EUR 25.2 million in the first quarter 2007.

This result, in terms of the percentage of revenues for the period, increased from 13% to 17% due to the improvement in the Gross Margin and the reduction in the impact of indirect costs on revenues.

In the first quarter 2008, EBITDA, net of write-downs of receivables and other provisions, was EUR 40.8 million (15% of revenues), double the comparable figure in the first quarter 2007 (EUR 20.1 million, 10% of revenues). This figure reflects a significant improvement in the quality and management of receivables.



During the quarter, **indirect operating costs** amounted to EUR 81.5 million (29% of revenues), a reduction in terms of percentage of revenues compared to the first quarter of last year (EUR 63.9 million, 33% of revenues).

The indirect operating costs included **payroll and related costs** for the first quarter 2008 of EUR 24.8 million, in line with the first quarter 2007, but lower in terms of percentage of revenues (7% in the first quarter 2007 compared to 9% in the first quarter 2008). This containment of payroll and related costs is even more significant considering the increase in the size of the Group during the year 2007 with the acquisition of the Pipex broadband and voice division.

Marketing costs, including sales and distribution expenses, increased in absolute value. Indeed, the figure for the first quarter 2008 was EUR 31.6 million (11% of revenues) compared to EUR 24.8 million for the first quarter 2007 (13% of revenues), consistent with the business strategy of boosting the marketing drive in both Italy and the UK.

During the first quarter 2008, **other operating costs** amounted to EUR 25.0 million (9% of revenues), an increase compared to the first quarter 2007 (EUR 13.9 million, 7% of revenues). This increase was mainly linked to the acquisition of the Pipex broadband and voice division.

OPERATING RESULT (EBIT)

During the first quarter 2008, the Operating Result amounted to a loss of EUR 16.4 million compared to a loss of EUR 16.8 million in the first quarter of last year. In the first quarter 2008 the operating result, net of provisions, amounted to a loss of EUR 4.2 million, a significant improvement compared to the loss of EUR 15.9 million recorded during the first quarter 2007.

Restructuring costs, provisions for risks and write-downs in the first quarter 2008 totalled EUR 19.7 million (EUR 5.9 million in the same period in 2007). Write-downs of receivables during the quarter amounted to EUR 6.0 million (EUR 4.9 million in the first quarter 2007), whilst restructuring costs totalled EUR 12.1 million (EUR 0.9 million in the first quarter 2007), mainly attributable to the acquisition of the Pipex broadband and voice division.

Amortisation and depreciation in the first quarter 2008 totalled EUR 45.0 million (EUR 36.0 million in the first quarter 2007). This figure reflects investments in the period for the development of the unbundled network and ADSL services (modem and user activation costs).

OPERATING RESULT BY GEOGRAPHICAL AREA

The gross operating result (EBITDA) by geographical area reported below is net of intragroup costs (mainly the services rendered by the parent company and Information Technology services). The figure does not include write-downs of receivables by country.

We also report that following the merger of Tiscali Italia S.p.A. and Tiscali Services S.p.A. with effect from 1 January 2008, the figures detailed in this report concerning the Italian subsidiary include within Tiscali Italia the new consolidation area that has been rendered equivalent also for the purposes of comparison with the quarterly report at 31 March 2007.

Tiscali Italia S.p.A. ended the first quarter 2008 with a net operating profit of EUR 11.8 million (16% of revenues) an increase of 25% over the EUR 9.4 million (15% of revenues) recorded in the first quarter 2007 (10% of revenues). The improved results were entirely due to the improvement in the gross margin, which was also linked to the migration of customers to the proprietary network infrastructure.

In the first quarter 2008, the operating result (EBIT) for Tiscali Italia S.p.A. was a loss of EUR 3.6 million, an improvement compared to the loss of EUR 4.2 million in the first quarter 2007, despite the greater amount of amortisation and depreciation.

The gross operating result recorded by the subsidiary Tiscali UK (United Kingdom) during the first quarter 2008 was EUR 34.7 million (18% of revenues), double the EUR 17.1 million (13% of revenues) recorded in the first quarter 2007. The increase was due to the acquisition of Pipex, the improvement in the gross margin, and the decrease in indirect costs as a percentage of the revenues.

In terms of operating results a loss of EUR 8.1 million was recorded in the first quarter 2008, an improvement compared to the loss of EUR 8.5 million during first quarter 2007, despite the greater amount of amortisation and depreciation (EUR 29.5 million in the first quarter 2008 against EUR 22.3 million in the first quarter 2007). This figure, net of restructuring costs of EUR 7.9 million linked to the acquisition of Pipex, is essentially zero, which means the UK subsidiary is approaching operating breakeven point before debt remuneration.

RESULT FROM OPERATING ACTIVITIES

The first quarter 2008 ended with a net loss of EUR 39.4 million from operating activities (on-going), which do not include the assets disposed of and/or destined to be disposed (Czech Republic, Germany, The Netherlands and Spain), a reduction compared to the loss of EUR 42.9 million in the first quarter 2007, as a result of the non-recurrent impacts described in the paragraph "Net Result".

RESULT FROM ASSETS DESTINED TO BE DISPOSED OF

During the first quarter 2008, the net result from assets destined to be disposed was a negative amount of EUR 0.6 million, compared to the negative balance of EUR 1.1 million in the same period of 2007. To provide a clearer understanding of this result a breakdown by geographic area of the respective assets mentioned is provided in the following table:

CONSOLIDATED INCOME STATEMENT (EUR 000)	**First Quarter 2008**	**First Quarter 2007**
Czech Republic	-	(1,033)
Germany	(794)	(1,745)
The Netherlands	214	3,775
Other assets	-	(2,067)
Result from assets disposed of and/or destined to be disposed of	**(580)**	**(1,070)**

(Results net of intragroup revenues/costs)

This item at 31 March 2008 related to the residual charges incurred by the German subsidiaries and the Dutch subsidiary.

NET RESULT

The net result for the first quarter 2008 consisted of a loss of EUR 37.5 million, compared to the net loss of EUR 42.5 million in the first quarter 2007. This result reflects interest costs of around EUR 23 million, including approximately EUR 17 million representing the ordinary borrowing cost.

FINANCIAL POSITION

CONSOLIDATED BALANCE SHEET (in summary form) (*EUR 000*)	**31 March 2008**	**31 December 2007**
Non-current assets	1,172,902	1,210,692
Current assets	376,295	389,249
Assets held for sale	-	-
Total Assets	**1,549,196**	**1,599,941**
Group shareholders' equity	245,631	169,647
Shareholders' equity pertaining to minority shareholders	32,435	37,322
Total Shareholders' equity	**278,066**	**206,970**
Non-current liabilities	767,095	786,623
Current liabilities	504,035	606,348
Liabilities directly related to assets held for sale	-	-
Total liabilities and Shareholders' equity	**1,549,196**	**1,599,941**

ASSETS

Non-current assets

Non-current assets mainly consisted of the goodwill with a value at 31 March 2008 of EUR 489.9 million.

Tangible assets (property, plant and machinery) and other intangible assets amounted to EUR 273.6 million and EUR 271.8 million respectively.

Investments

The extension of the unbundled network and the operating investments related to the connection and activation of new ADSL customers during the first quarter generated new investments of approximately EUR 46.5 million, including EUR 27.5 million for investments in intangible assets and around EUR 18.9 million for investments in tangible fixed assets. The investments in intangible assets mainly related to costs for ADSL customer activation and the execution of IRU (Indefeasible Rights of Use) contracts for the purchase of network and capacity rights, whereas the investment in tangible assets essentially related to the development of the unbundled network and related equipment.

Investments amounted to around EUR 13.0 million in Italy and approximately EUR 33.2 million in the UK. At 31 March 2008 the Tiscali network consisted of over 1,100 sites in Italy (55% coverage of the lines), including around 500 via direct ULL, and around 850 unbundled sites in the UK, with a coverage of 55% of the lines.

Current assets

Receivables from customers at 31 March 2008 amounted EUR 186.1 million and represented the most significant item of current assets. The other receivables and other current assets include in particular the accrued income on access services provided and prepaid expenses for service costs, as well as sundry receivables, including VAT receivables.

LIABILITIES

Non-current liabilities

In addition to the items relating to the financial position, discussed in the note below, these liabilities include in particular, under the item Other non-current liabilities, the medium/long-term payables for the raising of the loan with Banca Intesa SanPaolo, the payable to the former shareholders of VNL, and the payables to suppliers for the purchase of long-term use rights for transmission capacity (IRUs).

Current liabilities

The current liabilities not relating to the financial position mainly include, under the item Other current liabilities, payables to suppliers, together with accrued expenses relating to the purchase of access services and line rentals.

FINANCIAL POSITION

At 31 March 2008, the Tiscali Group held cash and cash equivalents totalling EUR 109.4 million, against a net financial debt, at the same date, in relation to continuing operations of EUR 520.1 million (EUR 636.5 million at 31 December 2007).

The financial position relates solely to operating activities and is summarised in the following table:

EUR 000	*31 March 2008*	*31 December 2007*
A. Cash	91,639	134,231
B. Other cash equivalents	17,722	16,290
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	***109,361***	***150,521***
E. Current financial payables	***13,044***	***12,130***
F. Current bank payables	22,136	176,204
G. Current portion of non-current debt	-	-
H. Other current financial payables (*)	19,402	19,502
I. Current financial debt (F) + (G) + (H)	***41,539***	***195,706***
J. Net current financial debt *(I) – (E) – (D)*	**80,866**	**33,054**
K. Non-current bank payables	449,635	450,053
L. Bonds issued	45,205	43,842
M. Other non-current payables (**)	106,083	109,553
N. Non-current financial debt *(K) + (L) + (M)*	**600,924**	**603,448**
O. Net financial debt *(J) + (N)*	**520,057**	**636,503**

(*) 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 Consob resolution of 28 July 2006.

EUR 000	*31 March 2008*	*31 December 2007*
Consolidated net financial debt	**(520,057)**	**(636,503)**
Other cash, cash equivalents and current financial receivables	(22,472)	(20,909)
Consob consolidated net financial debt	**(542,530)**	**(657,412)**

The decrease in current bank payables relates to the repayment of the EUR 150 million bridging loan provided by Banca IMI and JP Morgan in July 2007 using the proceeds from the share capital increase of around EUR 150 million concluded in February 2007.

The item non-current payables mainly includes the residual loan provided on 13 September 2007 by Banca Intesa Sanpaolo and JP Morgan for a total amount of EUR 446.6 million.

The loan, with a nominal value of EUR 450 million, including EUR 50 million not yet used, was accounted for using the amortised cost method. The credit facility and the line of liquidity with Intesa Sanpaolo contain financial commitments (financial covenants) essentially linked to the observance of the following financial indicators checked, at consolidated level, on a quarterly basis: the ratio between debt and EBITDA; the ratio between EBITDA and the principal and interest payments to service the debt (Debt Service Cover Ratio); and the relationship between the refinancing transactions using markets instruments.

Other non-current payables (EUR 106.0 million) include EUR 29.2 million for the interest-bearing loan at market rates provided by the shareholder Andalas Limited in 2004. The loan was raised to support the investments required to sustain growth and in particular for the setting up of an unbundled network infrastructure. On 13 September 2007, this loan was postponed by 6 months with respect to the expiry of the new loan granted by Banca Intesa Sanpaolo and JP Morgan.

This figure also includes the payables due to leasing companies for financial lease contracts, the payable arising from the sale & leaseback transaction for the Cagliari office (EUR 58.6 million), and the leasing contracts for network equipment, servers and other equipment directly involved in the production process.

The bonds issued, amounting to EUR 45.2 million, consist of a convertible bond subscribed for by Management&Capitali in December 2007, for a nominal value of EUR 60 million with an annual rate of 6.75%. The bond has been accounted for at fair value, net of transaction charges. The fair value (EUR 67.2 million) has been partly allocated to long-term debt (EUR 45.2 million) and partly to an equity reserve (EUR 22.0 million).

The fair value of the liability portion has been determined using the market interest rate for an equivalent non-convertible loan. This amount is recorded as a liability on the basis of the IFRS amortised costs approach until the discharge of the conversion or the maturity of the loan. The remaining portion of fair value has been allocated to the conversion option, which is included in an equity reserve, net of the effects of income taxes. In subsequent periods, the bond will be stated at amortised cost with any difference recorded under income (net of the transaction charges), and the redemption value will be recorded in the income statement during the period of the loan using the effective interest rate method.

SIGNIFICANT EVENTS DURING THE QUARTER

Execution of the share capital increase under option

On 10 January 2008, Tiscali S.p.A.'s Board of Directors approved the issue conditions for the shares offered under option to the shareholders. The share capital increase resolved by the Board of Directors on the basis of the authority assigned to them, in accordance with article 2443 of the Italian Civil Code, by the extraordinary shareholders' meeting held on 31 August 2007, involved the issue of 149,792,880 ordinary shares with a nominal value of EUR 0.50 each, with regular dividend rights, to be offered under option to the shareholders, at a ratio of 6 new ordinary shares for every 17 shares held, at a price of EUR 1.00 each, for a total value of Euro 149,792,880. The purchase options were exercisable between 14 January 2008 and 1 February 2008 inclusive and were tradeable on the Stock Exchange between 14 January 2008 and 25 January 2008 inclusive. At the end of the option period, the share capital increase was subscribed for a total of 146,580,966 shares, corresponding to 98.75% of the total amount. Subsequently, between 11 and 15 February 2008 an auction took place for the unopted shares, as a result of which the market subscribed for 100% of the amount under offer. Therefore, it was not necessary for Banca IMI S.p.A. and J.P. Morgan Securities Ltd to provide their collateral guaranteeing the satisfactory outcome of the transaction. The consideration for the share capital increase (approximately EUR 150 million) was used to repay the bridging loan granted by Intesa Sanpaolo and JPMorgan in July 2007.

Assignment and improvement by Standard&Poors' of Tiscali's corporate rating to B+ with a stable outlook

Following the success of the share capital increase, the long-term corporate credit rating of the Company, assigned by Standard&Poors' on 10 January 2008, was raised by S&P to B+ with a stable outlook.

Resignation of Tommaso Pompei and appointment of Mario Rosso as Chief Executive Officer

Partly as a result of the successful completion of the share capital increase transaction, during the Board of Directors' meeting held on 28/29 February, the Board announced that the phase of strategic repositioning and equity/financial strengthening undergone over the last two years had been completed.

Having reached an agreement with the Company, Tommaso Pompei therefore resigned from his office, with the intention of remaining on the Board of Directors until the natural expiry of the entire Board, and therefore until the approval of the 2007 financial statements. The Directors Gabriele Racugno and Rocco Sabelli resigned with immediate effect.

Tiscali's Board of Directors reaffirmed the Company's desire to pursue the objectives outlined in the Business Plan and at the same time to explore the options for further generation of value for its shareholders connected with the process of consolidation within the telecommunications sector underway in Europe.

The Board of Directors therefore appointed the Director Mario Rosso to manage and coordinate this new strategic phase for the Company, appointing him as Chief Executive Officer.

Mario Rosso, who has extensive managerial experience in major industrial groups, possesses in-depth knowledge of the Tiscali Group and its potential, having followed its growth over the last few years, initially through operational and strategic management roles and, recently, in his capacity as a Director.

Amendments to the stock option plan

On 27 and 28 February 2008, the Board of Directors also resolved to adjust the exercise price of the options allocated to the employees by means of the application of a ratio of 0.896756, identical to that published by the Italian Stock Exchange on 11 January 2008, which was used to adjust the option and futures contracts on Tiscali shares following the share capital increase for around Euro 150 million, concluded on 22 February 2008. The exercise price for the options allocated to the employees therefore currently stands at EUR 2.132 per share.

Furthermore, on the basis of the agreements between the Company and Tommaso Pompei, following the relinquishment of his powers during the Board Meeting held on 27 and 28 February 2008, the options assigned to Tommaso Pompei are deemed to be exercisable for the full amount resolved (including the second tranche) according to the terms set out in the regulations.

As a result of the abovementioned adjustment mechanism, the exercise price for the options allocated to Tommaso Pompei currently stands at EUR 2.477 per share.

Appointment of a financial advisor for the analysis of strategic alternatives

On 31 March 2008 JP Morgan and Banca IMI were appointed as financial advisors to Tiscali. This appointment followed the Board of Directors' decision to assign the CEO Mario Rosso the task of initiating a process aimed at maximising the Group's strategic value. Borghesi Colombo & Associati will act as consultant to the Company.

Initiation of treasury share purchase programme

In implementation of the treasury share purchase programme relating to the stock options assigned to Tommaso Pompei, initiated on 19 March 2008, on 18 April Tiscali purchased 2,600,000 treasury shares (corresponding to around 0.45% of the share capital), at an average unit price of EUR 2.379, for a consideration of approximately EUR 6.2 million. The purchase transactions were carried out in accordance with the provisions set forth in articles 2357 and following of the Italian Civil Code and within the limits set in the authorisation by the shareholders' meeting.

Pursuant to articles 132 of the Italian Finance Consolidation Act and 144-*bis* of the Issuers' Regulations, the purchases took place in regulated markets in accordance with the operational procedures set forth in the rules for the organisation and management of said markets. Moreover, the purchases were executed with daily volumes of no more than 25% of the average daily volume of the Tiscali shares traded in the month prior to the official public notification of the programme, pursuant to article 5 of the Regulation (EC) no. 2273/2003.

SIGNIFICANT EVENTS AFTER THE QUARTER END, OUTLOOK AND PROSPECTS

SIGNIFICANT EVENTS AFTER THE QUARTER END

Appointment of the new Board of Directors and audit mandate to Ernst&Young

On 29 April 2008, the Ordinary Shareholders' Meeting of Tiscali appointed the new Board of Directors.

The new Board consists of five members, Mario Rosso (Chairman and Chief Executive Officer), Massimo Cristofori, Francesco Bizzarri and Arnaldo Borghesi (reappointed) and the new independent director Umberto De Julio.

The Shareholders' Meeting also appointed Ernst & Young S.p.A as auditor for the years 2008-2016.

Launch of Tiscali TV

In May 2008, Tiscali extended its IPTV service, following the launch in three cities (Milan, Rome and Cagliari in December 2007) to 6 new cities: Bologna, Florence, Genoa, Naples, Palermo and Turin, for a total coverage of more than 4 million lines.
In all these cities, Tiscali is offering an even richer programme schedule, thanks to important agreements signed with Sony Pictures Television International and Disney-ABC International Television with regard to contents, and to the new Man-ga! channels, in cooperation with Yamato Video.
This service, which combines an IP and DTT Television offer, will be gradually extended throughout Italy via Tiscali's own network. TISCALI TV operates within a market in which television provided directly to the home via the internet is increasingly playing a key role, and is fully able to meet the demands of modern viewers.

BUSINESS OUTLOOK AND PROSPECTS

The new Board of Directors of Tiscali reaffirmed the guidelines set out in the 2008-2012 Business Plan approved on 26 November 2007.

As part of the strategic review process initiated in February 2008, the Board of Directors has analysed the expressions of interest received from major industrial operators who recognise the industrial value of Tiscali, both as a whole and through the operating companies in Italy and the UK.

The Board of Directors has therefore defined a shortlist and assigned the Chairman and CEO Mario Rosso to undertake the discussion and negotiation of these expressions of interest, with the objective of maximising value for all shareholders as quickly as possible.

TISCALI GROUP- FINANCIAL STATEMENTS AND EXPLANATORY NOTES AT 31 MARCH 2008

CONSOLIDATED INCOME STATEMENT *(EUR 000)*	**First Quarter 2008**	**First Quarter 2007**
Revenues	**276,437**	**193,189**
Other income	1,482	1,216
Purchase of materials and outsourced services	203,133	143,767
Payroll and related costs	24,843	25,181
Costs of stock option plans	1,542	136
Write-downs of receivables from customers	5,996	4,935
Other operating costs	1,596	250
Restructuring costs and other write-downs	12,139	872
Amortisation/depreciation	45,035	36,041
Operating result	**(16,364)**	**(16,777)**
Portion of results of equity investments carried at equity	-	(142)
Net financial income (Charges)	(22,799)	(12,657)
Other net financial income (charges)	-	(13,321)
Pre-tax result	**(39,163)**	**(42,897)**
Income taxes	(228)	44
Net result from operating activities (on-going)	**(39,392)**	**(42,941)**
Result from assets disposed of and/or destined to be disposed of	(580)	(1,070)
Net result	**(39,971)**	**(44,012)**
Minority interests	2,472	1,469
Result pertaining to the parent company	**(37,500)**	**(42,543)**

CONSOLIDATED BALANCE SHEET	31 March 2008	31 December 2007
(EUR 000)		
Non-current assets		
Goodwill	489,952	515,022
Intangible assets	271,777	286,042
Properties, plant and machinery	273,642	272,260
Equity investments	2,465	2,465
Other financial assets	28,432	28,269
Deferred tax assets	106,634	106,634
	1,172,902	**1,210,692**
Current assets		
Inventories	8,048	10,756
Receivables from customers	186,140	164,452
Other receivables and other current assets	81,583	71,652
Other current financial assets	8,884	8,158
Cash and cash equivalents	91,639	134,231
	376,295	**389,249**
Assets held for sale	-	-
Total Assets	**1,549,196**	**1,599,941**
Share Capital and reserves		
Share Capital	287,103	212,207
Share premium reserve	973,350	902,492
Translation reserve	(71,091)	(35,211)
Stock option reserve	10,692	9,969
Equity bond reserve	22,053	22,053
Retained earnings	(976,477)	(941,862)
Group shareholders' equity	**245,631**	**169,647**
Minority interests	32,435	37,322
Shareholders' equity pertaining to minority shareholders	32,435	**37,322**
Total Shareholders' equity	**278,066**	**206,970**
Non-current liabilities		
Bonds	45,206	43,842
Payables to banks and to other lenders	478,817	480,139
Payables for financial leases	76,902	79,467
Other non-current liabilities	114,162	120,807
Liabilities for pension obligations and staff severance indemnity	5,526	5,852
Provisions for risks and charges	20,778	28,624
Provision for deferred taxation	25,704	27,891
	767,095	**786,623**
Current liabilities		
Bonds – Current portion	-	-
Payables to banks and other lenders	22,137	176,204
Payables for financial leases	19,403	19,502
Payables to suppliers	291,162	239,127
Other current liabilities	171,334	171,515
	504,035	**606,348**
Liabilities directly related to assets held for sale	-	-
Total liabilities and Shareholders' equity	**1,549,196**	**1,599,941**

CASH FLOW STATEMENT **(in summary form)** *EUR 000*	**31 March 2008**	**31 March 2007**
Net result for the period from operating activities (on-going)	**(36,920)**	**(42,941)**
NET CASH GENERATED FROM OPERATIONS	**14,978**	**(17,094)**
NET CASH USED IN INVESTING ACTIVITIES	**(3,103)**	**(37,296)**
NET CASH ARISING FROM /(USED IN) FINANCING ACTIVITIES	**(53,887)**	**44,636**
Result of assets disposed of and held for sale	(580)	(1,070)
Change in assets disposed of and held for sale net of cash	-	22,687
Change in liabilities related to assets held for sale	-	8,239
NET INCREASE / (DECREASE) OF CASH AND CASH EQUIVALENTS	**(42,592)**	**20,102**
Cash and cash equivalents from operations at the beginning of the financial year	134,231	3,824
Cash and cash equivalents from assets disposed of and held for sale at the beginning of the financial year	-	5,029
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**134,231**	**8,853**
Cash and cash equivalents from continuing operations at the end of the period	91,639	15,154
Cash and cash equivalents of discontinued and held for sale operations at the end of the period	-	13,804
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (3 MONTHS)	**91,639**	**28,958**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share Capital	Share premium reserve	Translation reserve	Stock option reserve	Equity Bond Reserve	Retained earnings	Group shareholders' equity	Minority interests	Total
Balance at 1 January 2008	**212,207**	**902,492**	**(35,211)**	**9,969**	**22,053**	**(941,862)**	**169,647**	**37,322**	**206,970**
Increases	74,896	70,858		600			**146,354**		**146,354**
Changes in the consolidation area						594	**594**		**594**
Exchange differences arising on the translation of the financial statements of foreign companies			(35,880)				**(35,880)**	(2,415)	**(38,295)**
Changes in Minority interests						**2,415**	**2,415**		**2,415**
Profit (Loss) recorded under equity in the period	**74,896**	**70,858**	**(35,880)**	**600**		**3,009**	**113,483**	**(2,415)**	**111,068**
Net profit (loss) for the period						(37,500)	**(37,500)**	(2,472)	**(39,971)**
Total profit (loss) for the period	**74,896**	**70,858**	**(35,880)**	**600**		**(34,491)**	**75,983**	**(4,887)**	**71,097**
Balance at 31 March 2008	**287,103**	**973,350**	**(71,091)**	**10,569**	**22,053**	**(976,354)**	**245,631**	**32,435**	**278,066**

EXPLANATORY NOTES

1. CRITICAL DECISIONS IN APPLYING ACCOUNTING STANDARDS AND IN THE USE OF ESTIMATES

In applying the accounting standards disclosed in the previous section, Tiscali's directors have taken some significant decisions concerning the recognition of amounts in the consolidated financial statements. The directors' decisions are based on historical experience together with expectations associated with the realisation of future events, considered to be reasonable under the circumstances.

1.1 Assumptions for the application of accounting standards

Revenue recognition criteria
Revenues related to the activation of broadband services (ADSL) are deferred as the underlying benefits affect the entire duration of the customer contracts. The directors have deemed it appropriate to adopt a deferment period for the recognition of these revenues (consistent with the corresponding activation costs, which have been capitalised under intangible assets) of twelve months notwithstanding a significantly longer expected duration of the customer contract. The assumption adopted in applying IAS 18 'Revenues recognition' reflects a cautious interpretation of this principle taking into consideration the possibility that the customer may not renew the contract once the minimum period of twelve months has elapsed.

1.2 Accounting estimates and relevant assumptions

Impairment of goodwill
Goodwill is tested for impairment annually or more frequently during the financial year, as disclosed in the preceding section, under paragraph 2.3, 'Business combinations and goodwill'. The ability of each 'unit', identifiable in this case with the subsidiary, to generate cash flows sufficient to recover the goodwill allocated to the unit, is determined on the basis of the economic and financial data concerning the unit to which the goodwill refers. The production of such data, as well as the determination of an appropriate discount rate, requires the significant use of estimates.

Income taxes
The determination of income taxes, especially with regard to deferred taxes, involves the significant use of estimates and assumptions. Deferred tax assets, arising from temporary differences and/or previous losses, are recognised to the extent that it is likely that taxable profits will be available in the future against which deductible temporary differences and/or previous losses can be utilised. The provisions are based on taxable income likely to be generated in light of the approved business plans. Such assets and liabilities are not recognised if the temporary differences derive from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in transactions that affect neither the accounting result nor the taxable income. The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Provisions for risks and charges
Provisions for risks and charges relating to potential legal and tax liabilities are established following estimates performed by the directors on the basis of judgements provided by the

Group's legal and tax advisors concerning the charges that are reasonably deemed likely to be incurred to settle the obligation. If in relation to the final result of such judgements the Group is called upon to fulfil an obligation for a sum other than the amount estimated, the related effects are reflected in the income statement.

Determination of the Fair Value
In relation to the instrument or the financial statement item to be valued, the management identifies the most appropriate method, referring as far as possible to objective market data. In the absence of market values, i.e. listings, valuation techniques are used with reference to those most commonly used in practice.

Accounting principles and interpretations applied in 2007

On 3 March 2006, the IFRIC issued the interpretation document IFRIC 9 – *Subsequent assessment of underlying derivatives* in order to specify that a company must assess whether embedded derivatives are to be separated from the primary contract and recognised as derivative instruments from the time the company becomes a party to the contract. Subsequently, unless contractual conditions are modified to produce significant effects on cash flows that would otherwise be required under contract, said assessment may not be implemented again. The adoption of this interpretation has not led to the recording of significant accounting effects.

On 20 July 2006, the IFRIC issued the interpretation document IFRIC 10 – *Interim financial statements and losses in value* in order to specify that the loss in value recorded on goodwill and on specific financial assets during an interim period cannot be reinstated in a subsequent interim period or in the annual financial statements. The adoption of this interpretation has not led to any accounting effect.

On 2 November 2006, the IFRIC issued the interpretation document IFRIC 11 – *IFRS 2-Transactions on Group shares and treasury shares* in order to specify the accounting treatment for payments based on shares that the company must acquire treasury shares to satisfy, and also for payments based on shares of a Group company (for example the parent company) allocated to employees of other Group companies. The adoption of this interpretation has not led to the recording of any significant accounting effects on outstanding plans.

In August 2005, the IASB issued the new accounting standard IFRS 7 – *Financial instruments: supplementary information* and a complementary amendment to IAS 1 – *Presentation of the financial statements: supplementary information relating to the share capital.* IFRS 7 requires supplementary information regarding the significance of financial instruments for a company's financial position and performance. This information incorporates certain requirements previously included in accounting standard IAS 32 – *Financial instruments: disclosure in the financial statements and supplementary information*. The new accounting standard also requires information regarding the level of exposure to risk deriving from the use of financial instruments, and a description of the objectives, policies and procedures implemented by the management to deal with such risks. The amendment to IAS 1 introduces requirements relating to the information to be provided concerning company capital. The Company has adopted IFRS 7 in the 2007 financial statements.

Accounting standards, amendments and interpretations not yet applicable or not adopted in advance by the Group

On 30 November 2006, IASB issued accounting standard IFRS 8 – *Business Segments*, applicable with effect from 1 January 2009, in replacement of IAS 14 - *Segment Reporting*. The new accounting standard requires that companies base the information given in the Segment Report on the elements used by management to make their business decisions, and therefore requires the identification of the business segments based on internal reporting reviewed regularly by management for the purposes of allocating resources to the various segments and performance analysis.

On 29 March 2007, the IASB issued a revised version of IAS 23 – *Financial charges*, effective from 1 January 2009. In the new version of the standard, companies no longer have the option to immediately record – in the income statement – the financial charges incurred in relation to assets that normally require a specific period before the asset is made available for use or for sale. The standard will be applicable prospectively to financial charges relating to assets capitalised with effect from 1 January 2009. At the date of these financial statements, the competent bodies of the European Union had not yet concluded the approval process necessary for the application of this standard.

On 5 July 2007, the IFRIC issued the IFRIC 14 interpretation on IAS 19 – *Assets for defined-benefit plans and minimum funding requirement*, which will be applicable from 1 January 2008. This interpretation provides general guidelines on how to determine the limit amount established by IAS 19 for the recognition of the assets serving plans and provides an explanation regarding the accounting effects caused by the presence of a contractual minimum funding requirement.
As of the date of these financial statements, the competent bodies of the European Union had not yet concluded the approval process necessary for the application of this standard.

On 6 September 2007, the IASB issued a revised version of IAS 1 – *Presentation of financial statements*, which will be applicable as from 1 January 2009, with the aim of ensuring greater comparability and analysis of the information presented in the financial statements for its users. Following the amendments made, the standard requires that the information presented in the financial statements be aggregated on a common basis and that the company present an “extended” statement of the results (“comprehensive income”) that helps the readers of the financial statements to distinguish, in an analysis of the changes in shareholders’ equity, between the transactions concluded with the shareholders as such (distribution of dividends, purchase of treasury shares) and transactions with third parties. As of the date of these financial statements, the competent bodies of the European Union had not yet concluded the approval process necessary for the application of this standard.

In conclusion, shareholders are informed that the following interpretations were issued governing cases and circumstances not present within the Tiscali Group:

i. ‘IFRIC 7 – *Applying the Restatement Approach under IAS 29* Financial Reporting in Hyperinflationary Economies’
ii. ‘IFRIC 12 – *Service concession arrangements*’ (applicable from 1 January 2008 and not yet approved by the European Union).
iii. ‘IFRIC 13 – *Customer Loyalty Programmes*’ (applicable from 1 January 2009 and not yet approved by the European Union).

2. Revenues

	First Quarter 2008	First Quarter 2007
Revenues	276,437	193,189

Please see the comments included in the specific section on the analysis of the financial situation.

3. Segment reporting (by geographic area)

The activities of the Tiscali Group and related strategies, as well as the underlying activities linked to head office control, are structured and defined by geographic area, which therefore represents the primary segment for the purposes of information by business sector, as required by IAS 14. The geographic areas are represented in particular by the two countries in which the Tiscali Group operates (Italy and the UK). This note reports the main results of these business segments, together with the balance sheet data of the various geographic areas and other information required by the relevant standards.
The heading Italy includes the companies Tiscali Italia Spa and Tiscali Service Spa.
The merger of Tiscali Service Spa into Tiscali Italia Spa was effective from 1 January 2008.

31 March 2008 *EUR 000*	Italy	United Kingdom	Others	Segment report	Unallocated	Operating assets
Revenues						
From third parties	70,978	194,255	7,445	272,679	3,758	276,437
Intragroup	4,242	3,634	1,639	9,516	(9,516)	-
Total revenues	**75,220**	**197,889**	**9,085**	**282,194**	**(5,757)**	**276,437**
Gross operating result	**11,812**	**34,715**	**1,994**	**48,521**	(174)	**48,347**
Operating result	**(3,583)**	**(8,067)**	**(21)**	**(11,672)**	**(4,692)**	**(16,364)**

31 March 2007 *EUR 000*	Italy	United Kingdom	Others	Segment report	Unallocated	Operating assets
Revenues						
From third parties	59,624	123,217	5,791	188,631	4,558	193,189
Intragroup	4,748	4,789	1,480	11,018	(11,018)	-
Total revenues	**64,372**	**128,006**	**7,271**	**199,649**	**(6,459)**	**193,189**
Gross operating result	**9,410**	**17,086**	**1,321**	**27,818**	(2,611)	**25,207**
Operating result	**(4,167)**	**(8,511)**	**(516)**	**(13,195)**	**(3,581)**	**(16,777)**

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

	First Quarter 2008	First Quarter 2007
Purchase of materials and outsourced services	203,133	143,767
Payroll and related costs	24,843	25,181
Other operating costs	1,596	250

The purchases of raw materials, supplies, consumables and goods include the cost of consumables and equipment for pre-paid telephone cards and goods intended for resale. The overall increase in these costs, compared to the same period last year, is related to the significant rise in revenues.

5. Restructuring costs, provisions for risk reserves and write-downs

	First Quarter 2008	First Quarter 2007
Write-downs of receivables from customers	5,996	4,935
Restructuring costs and other write-downs	12,139	872
Provisions for risks and charges	1,542	136
	19,677	5,943

As shown in the above table, the costs for this item for the first quarter 2008 totalled EUR 19.7 million. The balance for the quarter includes costs of EUR 6.0 million for the write-downs of receivables (EUR 4.9 in the first quarter 2007).

6. Financial income and charges

Financial charges and related movements are linked to the Group's overall debt. The figure for the first three months is lower than the amount for the for same period last year due to the different composition and the related cost of borrowing. Please also see the section devoted to the analysis of the financial position.

7. Result from assets disposed of and/or destined to be disposed of

	First Quarter 2008	First Quarter 2007
Czech Republic	-	(1,033)
Germany	(794)	(1,745)
The Netherlands	214	3,775
Other assets	-	(2,067)
Total	(580)	(1,070)

(Results net of intragroup revenues/costs)

This item at 31 March 2008 related to the residual charges incurred by the German subsidiaries and the Dutch subsidiary.

8. Non-current assets

	31 March 2008	31 December 2007
Goodwill	489,952	515,022
Intangible assets	271,777	286,042
Properties, plant and machinery	273,642	272,260
Equity investments	2,465	2,465
Other financial assets	28,432	28,269
Deferred tax assets	106,634	106,634

Non-current assets include a goodwill value of EUR 489.9 million (EUR 515.0 million at 31 December 2007). This item mainly relates to the operations in the UK. The change compared to 31 December 2007 is entirely due to the exchange difference.

The non-current assets also include the other intangible and tangible assets relating to Property, plant and equipment, with a total value at 31 March 2008 of EUR 545.4 million (EUR 558.3 million at 31 December 2007).

Also included within non-current assets are *Other financial assets* of EUR 28.4 million (EUR 28.3 million at 31 December 2007), together with *Deferred tax assets* of EUR 106.6 million. The latter amount comprises EUR 72.3 million relating to subsidiaries operating in the UK, and the remaining EUR 34.3 million to Tiscali International BV (Netherlands), a Group sub-holding company and reference entity for the purposes of the Dutch tax unit. Please note that the reported deferred tax assets arise essentially from past losses of the abovementioned subsidiaries and are recognised to the extent that it is likely that taxable profits will be available in the future against which these losses can be utilised.

9. Current assets

	31 March 2008	**31 December 2007**
Inventories	8,048	10,756
Receivables from customers	186,140	164,452
Other receivables and other current assets	81,583	71,652
Other current financial assets	8,884	8,158
Cash and cash equivalents	91,639	134,231

Current assets mainly include Receivables from customers (EUR 186.1 million at 31 March 2008, compared to the EUR 164.4 million balance at 31 December 2007). The other current assets consist of other receivables (including VAT receivables), and accrued income and prepaid expenses for services. The balance also comprises items of a financial nature, including cash and cash equivalents (EUR 91.6 million at 31 March 2008).

10. Non-current liabilities

	31 March 2008	31 December 2007
Bonds	45,206	43,842
Payables to banks and to other lenders	478,817	480,139
Payables for financial leases	76,902	79,467
Other non-current liabilities	114,162	120,807
Liabilities for pension obligations and staff severance indemnity	5,526	5,852
Provisions for risks and charges	20,778	28,624
Provisions for deferred taxation	25,704	27,891

Total non-current liabilities at 31 March 2008 were EUR 767.1 million (EUR 786.6 million at 31 December 2008).
There were no significant changes with respect to 31 December 2007.

Non-current liabilities also include, under the item *Other non-current liabilities* (EUR 114.2 million at 31 March 2008 compared to EUR 120.8 million at 31 December 2007), the payables to suppliers for the purchase of long-term use rights for transmission capacity (IRUs) of EUR 16.3 million and a payable to former shareholders of VNL of EUR 88.8 million.

The balance of non-current liabilities also incorporates, together with the staff severance indemnity for Italian employees (EUR 5.5 million at 31 March 2008), the provisions for risks and charges (EUR 20.8 million) and the provisions for deferred taxation of EUR 25.7 million. The EUR 7.9 million reduction in risk provisions was mainly due to the coverage of the Pipex Division restructuring costs.

11. Current liabilities

	31 March 2008	31 December 2007
Bonds – Current portion	-	-
Payables to banks and other lenders	22,137	176,204
Payables for financial leases	19,403	19,502
Payables to suppliers	291,162	239,127
Other current liabilities	171,334	171,515

Total current liabilities totalled EUR 504.0 million against EUR 606.3 million at 31 December 2007. The items of a financial nature include payables to banks of EUR 22.1 million, which are much lower than last year (balance of EUR 176.2 million). The decrease in current bank payables is related to the repayment of the EUR 150 million bridging loan provided by Banca IMI and JP Morgan in July 2007 using the proceeds from the share capital increase of around EUR 150 million concluded in February 2007.

The items of a non-financial nature refer in particular to payables to suppliers (EUR 291.2 million at 31 March 2008 compared to a balance of EUR 239.1 million at the end of last year), together with other current liabilities, including accrued expenses relating to the purchase of access services, line rentals and other operating payables.

12. ONGOING DISPUTES, CONTINGENT LIABILITIES AND COMMITMENTS

The Tiscali Group is involved in a number of legal disputes. The Group's management does not believe that these disputes will give rise to significant liabilities, or that an unfavourable outcome will have a significant negative impact on its financial position, net assets, or economic position, or on future income from operations. It is further specified that, unless explicitly indicated, no provisions have been set aside in the absence of certain and objective elements or if the negative outcome of the litigation is not considered likely.

On behalf of the Board of Directors
Chairman and CEO
Mario Rosso

STATEMENT OF THE APPOINTED MANAGER

I, the undersigned, Massimo Cristofori, manager in charge of drawing up the corporate accounting documents of Tiscali SpA, declare – pursuant to subsection 2, article 154-*bis* of the Italian Finance Consolidation Act – that the quarterly results contained in this report correspond to the documentary results, books and accounting records of the parent company and to the information provided by the companies included in the consolidation area.

Manager in charge of drawing up the corporate
accounting documents and Chief Financial Officer
Massimo Cristofori