

Consolidated financial report as at 30 September 2013

Issue date: 30 September 2013

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TISCALI S.P.A.

Registered office: SS195 Km 2.3, Sa Illetta, Cagliari, Italy

Share Capital EUR 92,022,779.27

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

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1 Highlights

Income statement	30 September 2013	30 September 2012
(EUR mln)		
· Revenues	168.7	173.2
· Adjusted Gross Operating Result (EBITDA)	55.0	53.5
· Gross Operating Result (EBITDA)	43.0	36.5
· Operating result	7.8	5.3
Balance sheet	30 September 2013	31 December 2012
(EUR mln)		
· Total assets	236.5	254.0
· Net Financial Debt	(178.3)	(186.5)
· Net Financial Debt as per Consob	(184.7)	(192.9)
· Shareholders' equity	(150.4)	(147.2)
· Investments	18.3	26.1
Operating figures	30 September 2013	30 September 2012
(000)		
ADSL (broadband) users	504.6	466.6
Of which: Direct ADSL users (LLU)	358.8	335.1
Narrowband and Voice users	43.5	39.3

2 Alternative performance indicators

In this report on operations, in addition to the conventional indicators envisaged by the 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 given they have not been identified as an accounting measure within the sphere of the IFRS, 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 write-down of receivables (Adjusted EBITDA) are economic performance indicators not defined by reference accounting standards and are formed as indicated below:

Pre-tax result and result deriving from assets destined to be disposed of

+ Financial charges

- Financial income

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

Operating result

+ Restructuring costs

+ Amortisation/depreciation

+/- Atypical income/charges

Gross Operating Result (EBITDA)

+ Write-downs of receivables from customers

Gross Operating Result (Adjusted EBITDA)

3 Directors and Auditors

Board of Directors

Chairman and Chief Executive Officer: Renato Soru

Directors

Franco Grimaldi

Gabriele Racugno

Luca Scano

Assunta Brizio

Board of Statutory Auditors

Chairman

Paolo Tamponi

Statutory Auditors

Piero Maccioni

Andrea Zini

Alternate Auditors

Rita Casu

Giuseppe Biondo

Executive in charge of drawing up the corporate accounting documents

Pasquale Lionetti

Independent Auditing Firm

Reconta Ernst & Young S.p.A.

Consolidated financial report as at 30 September 2013

4 Quarterly Report as at 30 September 2013

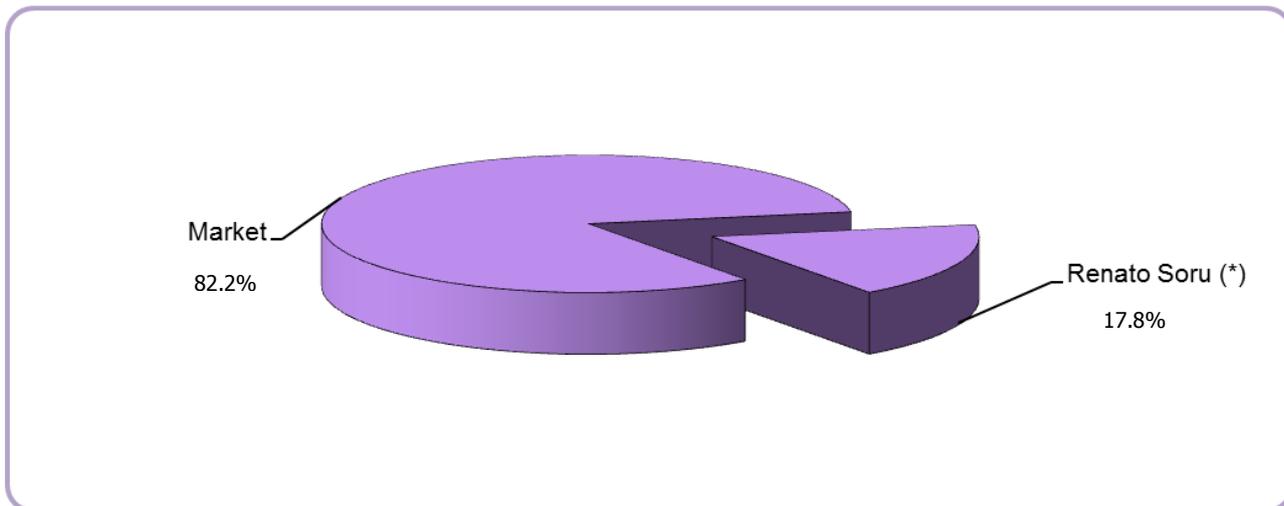
4.1 Tiscali shares

Tiscali shares have been listed on the Italian Stock market (Milan: TIS) since October 1999. At 30 September 2013, market capitalization came to around EUR 74.5 million, calculated on the value of EUR 0.04 per share as at that date.

At 30 September 2013, the number of shares representing the Group’s share capital amounted to 1,861,498,780.

Tiscali’s shareholder base at 30 September 2013 is illustrated below.

Fig. 4.1- Tiscali shares



Source: Tiscali

(*) Directly for around 15% and, indirectly through the investee companies Monteverdi Srl (0.9%), Cuccureddus Srl (1.8%) and Andalus Ltd (0.1%).

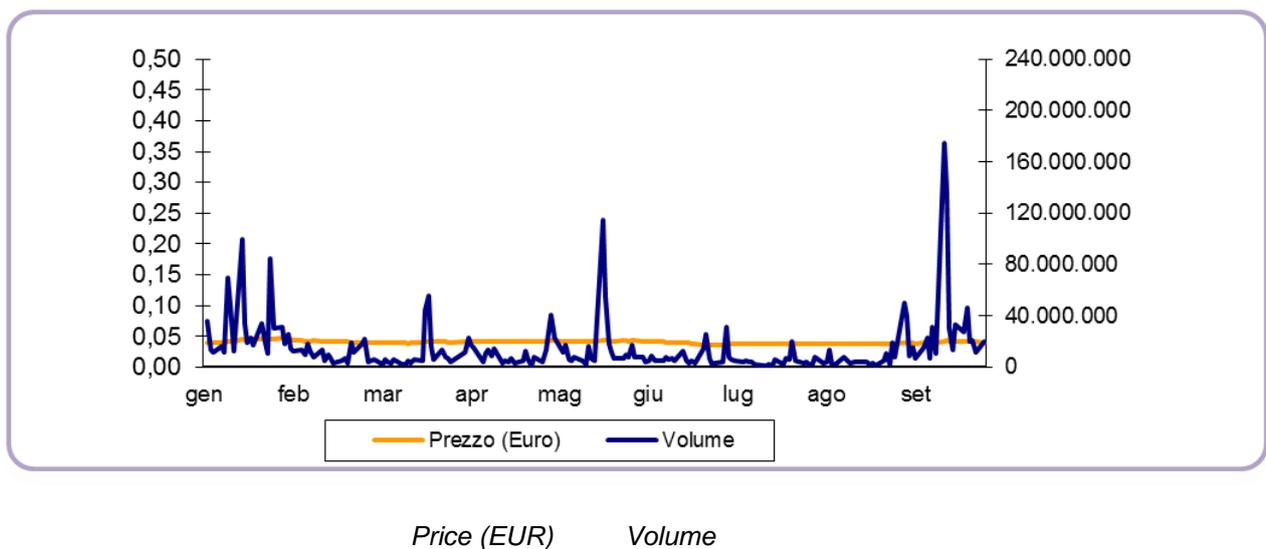
Share capital structure at 30 September 2013

SHARE CAPITAL STRUCTURE		
	No. of shares	As % of share capital
Ordinary shares	1,861,498,780	100%
OTHER FINANCIAL INSTRUMENTS		
	No. of warrants	Listing market
Tiscali 2009-2014 warrants ***	1,799,322,151	Italian regulated market

*** The warrants – combined free of charge with newly issued shares relating to the increase in share capital launched in October 2009 and concluded successfully on 11 November 2009 – assign the right to subscribe ordinary company shares at the ratio of 1 conversion share for every 20 warrants exercised at the price of EUR 0.80 for each new share.

The graph below illustrates Tiscali’s share trend during the first nine months of 2013, characterised by sustained trading volumes, particularly in the month of September.

Fig. 4.2 - Tiscali’s share performance during the first nine months of 2013



Source: Bloomberg data processing

The average monthly price in the first nine months stood at EUR 0.041. The maximum price for the period was EUR 0.0473, while the minimum came to EUR 0.0354. Trading volumes stood at a daily average of about 14.8 million items, with a daily average trade value of EUR 0.6 million.

Average Tiscali stock trading on the Italian Stock Exchange in the first nine months of 2013

	Price (EUR)	No. of shares
January	0.044	31,105,620
February	0.042	10,432,898
March	0.040	10,362,808
April	0.042	9,096,049
May	0.043	18,190,014
June	0.039	7,189,867
July	0.038	5,902,629
August	0.038	5,574,061
September	0.041	35,407,030
Average	0.041	14,806,775

Source: Bloomberg data processing



4.2 Analysis of the Group economic, equity and financial position

Foreword

Tiscali is one of the main alternative suppliers of telecommunications services in Italy.

Thanks to a cutting edge network based on IP technology, Tiscali provides its customers with a wide range of services, from broadband and narrowband internet access, together with more specific and hi-tech products. This offer also includes voice services (VOIP and CPS), and portal and mobile telephone services, thanks to the service supply agreement reached with Telecom Italia Mobile (MVNO).

The Group offers its products to consumer and business customers on the Italian Market, mainly via five business lines:

- (i) "Access", in Broadband modes (LLU, Bitstream), inclusive of VoIP and mobile telephone services (so-called MVNO);
- (ii) Narrowband;
- (iii) "Voice", inclusive of traditional telephone traffic services (CS and CPS) and Wholesale;
- (iv) Business services (so-called B2B), which include VPN, Hosting, domain connection and leased line services, provided to companies and, lastly,
- (v) Media and value added services, which include media, advertising and other services.

Economic position

<i>(EUR mln)</i>			
	30 September 2013	30 September 2012	Change
CONSOLIDATED INCOME STATEMENT			
Revenues	168.7	173.2	(4.5)
Other income	5.4	1.6	3.8
Purchase of materials and outsourced services	95.4	99.9	(4.5)
Payroll and related costs	25.8	25.6	0.2
Other operating costs / (income)	(2.1)	(4.2)	2.1
Adjusted Gross Operating Result (EBITDA)	55.0	53.5	1.5
Write-downs of receivables from customers	12.0	17.0	(5.0)
Gross Operating Result (EBITDA)	43.0	36.5	6.5
Restructuring costs, provisions for risk reserves and write-downs	5.6	0.8	4.9
Amortisation/depreciation	29.6	30.4	(0.8)
Operating result (EBIT)	7.8	5.3	2.5
Net financial income (charges)	(10.1)	(9.5)	(0.5)
Pre-tax result	(2.3)	(4.2)	2.0
Income taxes	(1.1)	(1.0)	(0.1)
Net result from operating activities (on-going)	(3.4)	(5.2)	1.9
Result from assets disposed of and/or destined for disposal	0.0	(0.0)	0.0
Net result	(3.4)	(5.3)	1.9
Minority interests	0.0	0.0	0.0
Group Net Result	(3.4)	(5.3)	1.9

(* note that, with respect to the balances published in the Annual Financial Report at 30 September 2012, reclassifications were made to the cost items included in the Ebitda, for the purpose of providing a fuller comparative representation with respect to the previous year

Tiscali Group revenues during the first nine months of 2013 came to EUR 168.7 million, down with respect to the balance of EUR 173.2 million recorded in the first nine months of 2012. The revenue mix by business line changed, as described below:

- a reduction of EUR 10 million (7.5%) in revenues for the “Access, VOIP and MVNO” segment essentially due to the drop in the Arpu, caused by the additional promotions on the prices of the services with respect to the first nine months of 2012, due to the rising competitiveness of the market;
- BTB revenues rose by around EUR 2.3 million (20.5%);
- analogue Voice revenues increased EUR 3.2 million (rise of 33.8%) mainly due to the increase in the volume of wholesale services for EUR 3 million;
- Media revenues rose EUR 0.6 million (increase of 3.7%) despite the sharp drop in the market;

During the first nine months of 2013, internet access and voice services – the Group's core business – represented around 80.2% of turnover.

Costs for purchases of materials and services totalling EUR 95.4 million, decreased EUR 4.5 million with respect to the first nine months of last year.

The adjusted Gross Operating Result (EBITDA) before provisions, totalling EUR 55 million (32.6% of revenues), was up 2.8% when compared with the EBITDA of EUR 53.5 million reported as at 30 September 2012.

The net operating result (EBIT) for the first nine months of the year, net of provisions, write-downs and restructuring costs, was a positive balance of EUR 7.8 million, an improvement with respect to the positive comparable balance of EUR 5.3 million recorded in 2012, despite the increase in restructuring costs, amounting to EUR 5.6 million. These are mainly professional costs provided for in the presence of the reorganisation of the Group and the restructuring of senior debt (for EUR 3.5 million), as well as charges relating to the settlement of a dispute pertaining to the Dutch subsidiary (for EUR 1.75 million).

The result from operating activities (on-going), a loss of EUR 3.4 million, improved with respect to the same figure in the first nine months of the previous year, presenting a negative balance of EUR 5.2 million.

The result from assets disposed of and/or destined for disposal was nil.

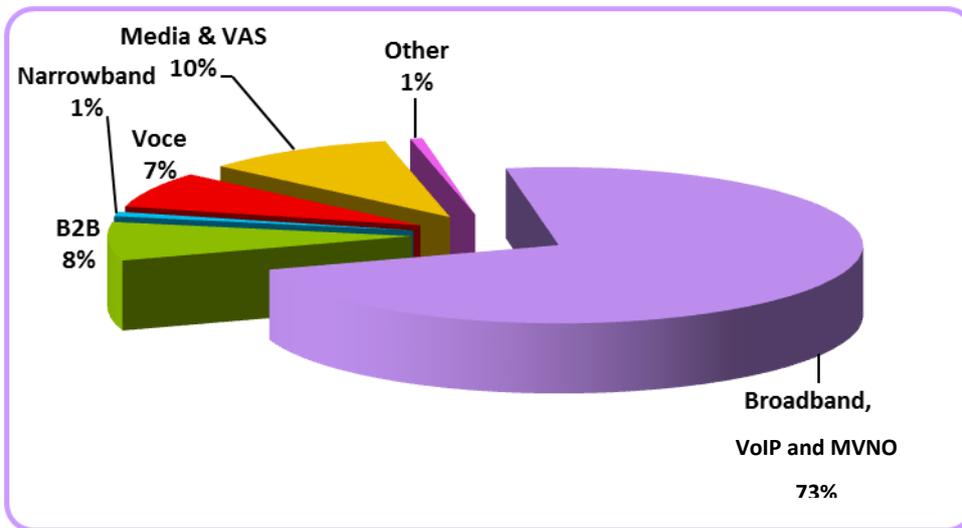
The Group's net result was a loss of EUR 3.4 million, an improvement with respect to the comparable figure in the first nine months of the previous year, a loss of EUR 5.3 million.

Operational income statement - Group

<i>(EUR mln)</i>	30 September 2013	30 September 2012
Revenues	168.7	173.2
Access revenues (including VoIP)	122.7	132.6
<i>of which: ADSL</i>	70.5	76.5
<i>of which VOIP</i>	50.2	53.5
<i>of which MVNO</i>	2.0	2.7
Dial Up revenues (narrowband)	1.6	2.4
Voice revenues	12.6	9.5
Business service revenues	13.5	11.2
Media and value added service revenues	17.2	16.6
Other revenues	1.1	0.9
Gross operating margin	89.4	90.5
Indirect operating costs	41.8	42.8
Marketing and sales	6.2	6.6
Payroll and related costs	25.8	25.6
Other indirect costs	9.8	10.6
Other (income) / expense	(7.5)	(5.8)
Adjusted Gross Operating Result (EBITDA)	55.0	53.5
Write-down of receivables	12.0	17.0
Gross Operating Result (EBITDA)	43.0	36.5
Amortisation/depreciation	29.6	30.4
Gross result (EBIT) before restructuring costs and provisions for risks	13.4	6.1
Operating result (EBIT)	7.8	5.3
Group Net Result	(3.4)	(5.3)

Revenues by business line**Fig. 4.5 - Breakdown of revenues by business line and access mode¹**

¹ The chart shows a breakdown by business segment which classifies dual play revenues with Broadband.



Source: Tiscali

Access

The segment in question, which includes revenues from Internet access services via broadband (ADSL) and narrowband (dial-up), the flat component of the bundled ranges (access fees) and mobile telephone revenues, in the first nine months of 2013 generated revenues of around EUR 122.7 million, down by 7.5% with respect to the figure in the same period in 2012 (EUR 132.6 million). The decrease in revenues is mainly attributable to the ADSL access services (EUR 70.5 million as of 30 September 2013 compared with EUR 76.5 million as of 30 September 2012) and the VOIP segment (EUR 50.2 million as at 30 September 2013 compared with EUR 53.5 million at 30 September 2012).

As at 30 September 2013, direct ADSL customers increased by 38 thousand with respect to the comparable figure in the same period of 2012. The reduction in revenues as indicated above is essentially due to the drop in the ARPU, caused by the additional promotions on the prices of the services with respect to the same period in 2012.

Total ADSL customers as at 30 September 2013 amounted to around 504.6 thousand, of which 358.8 thousand linked under unbundling.

The customer base using dial-up access (narrowband) and analogue voice services stood at around 43.5 thousand users (of which around 24.4 thousand using WLR).

The reduction in the narrowband customer base followed the market trend which saw a progressive replacement with broadband services in the proposals to customers.

Evolution of the customer base

(000)	30 September 2013	30 September 2012
ADSL customers	504.6	466.6
<i>of which LLU</i>	358.8	335.1
Narrowband and Voice customers	43.5	39.3
Dual play customers	371.4	336.0

The unbundling network coverage at 30 September 2013 amounted to 688 sites.

Narrowband

The Narrowband segment reported revenues for EUR 1.6 million as at 30 September 2013, disclosing a natural reduction with respect to the first nine months of 2012, equating to EUR 2.4 million.

Voice

The Voice segment includes traditional telephone services (CS and CPS) and wholesale services.

During the first nine months of 2013, there was an increase in revenues relating to voice services of 33.8%, rising from EUR 9.5 million as at 30 September 2012 to EUR 12.6 million as at 30 September 2013.

Business services

Revenues from business services (VPN, housing, hosting services, domains and leased lines), excluding those from access and/or voice products for the same customer base already included in their respective business segments, amounted in the nine months of 2013 to EUR 13.5 million, up 20.5% with respect to the corresponding balance as at 30 September 2012 (EUR 11.2 million).

Media

During the first nine months of 2013, revenues for the Media and value added services segment (mainly concerning sales of advertising space) amounted to around EUR 17.2 million and were up slightly with respect to the same period in the previous year (EUR 16.6 million).

Indirect operating costs during the first nine months of 2013 came to EUR 41.8 million (24.8% of revenues), a decrease with respect to 30 September 2012 of EUR 42.8 million (24.7% of revenues). Within indirect operating costs, **payroll and related costs** amounted to EUR 25.8 million (15.3% of revenues), up slightly with respect to the same previous period (EUR 25.6 million, 14.8% of revenues).

The **Adjusted Gross Operating Result (EBITDA)**, before provisions for risks, write-downs, depreciation and amortisation, was EUR 55 million (32.6% of revenues) as at 30 September 2013, an increase of 2.8% compared to the EUR 53.5 million as at 30 September 2012 (30.9% of revenues).

The **Gross operating result (EBITDA)**, net of write-downs of receivables and other provisions came to EUR 43 million in the first nine months of 2013 (25.5% of revenues), an increase of 17.9% on the comparable figure in the previous period of 2012 (EUR 36.5 million, 21.1% of revenues).

Provisions to risk reserves, write-downs of receivables and other provisions in the first nine months of 2013 totalled EUR 17.6 million (EUR 17.8 million in the same period of 2012).

The item includes the provisions for group reorganisation costs amounting to around EUR 5.6 million.

Amortisation/depreciation in the first nine months of 2013 came to EUR 29.6 million (EUR 30.4 million in the same period of 2012).

The **operating result (EBIT)** for the first nine months of 2013, net of provisions, write-downs and restructuring costs, was a positive balance of EUR 7.8 million (4.6% of revenues), with respect to the comparable balance for 2012, a profit of EUR 5.3 million (3.1% of revenues).

The **result from operating activities (on-going)**, a loss of EUR 3.4 million as at 30 September 2013, improved with respect to the same balance in the previous quarter, negative for EUR 5.2 million.

The **Group's net result** was a loss of EUR 3.4 million, compared with a loss in the first nine months of 2012 of EUR 5.3 million.

Equity and financial position

CONSOLIDATED BALANCE SHEET (in abridged form) (EUR mln)	30 September 2013	31 December 2012
Non-current assets	166.4	177.7
Current assets	70.1	76.3
Total Assets	236.5	254.0
Group shareholders' equity	(150.4)	(147.2)
Shareholders' equity pertaining to minority shareholders	0.0	0.0
Total Shareholders' equity	(150.4)	(147.2)
Non-current liabilities	88.9	193.8
Current liabilities	297.9	207.3
Total Liabilities and Shareholders' equity	236.5	254.0

AssetsNon-current assets

Non-current assets at 30 September 2013, amounted in total to EUR 166.4 million and were down with respect to the closing balance as at 31 December 2012 (EUR 177.7 million). The net change is essentially attributable to the amortisation and depreciation charge on intangible and tangible fixed assets in the first nine months of 2013.

Current assets

Current assets at 30 September 2013, amounted in total to EUR 70.1 million, down with respect to 31 December 2012 (EUR 76.3 million). Receivables from customers as at 30 September 2013 amounted in total to EUR 49.8 million, compared with EUR 60.4 million at 31 December 2012. Other receivables and other current assets, amounting to EUR 10.5 million, include accrued income on access services provided, prepaid expense for service costs, together with sundry receivables, of which VAT credits.

LiabilitiesNon-current liabilities

Non-current liabilities at 30 September 2013 amounted in total to EUR 88.9 million, compared with EUR 193.8 million at 31 December 2012. The balance includes both the items pertaining to the financial position,

with reference to which please see the following section, the provision for risks and charges for EUR 2.1 million, payables to suppliers for the purchase of long-term rights for the use of transmission capacity (IRU) for EUR 2 million, along with the provision for taxation and the provision for employee severance indemnities.

Current liabilities

Current liabilities amounted to EUR 297.9 million as at 30 September 2013 (compared with EUR 207.3 million as at 31 December 2012) and mainly include the current portion of financial payables, payables to suppliers, together with accrued expenses pertaining to the purchase of access services and line rental.

Financial position

As at 30 September 2013, the Tiscali Group held cash, cash equivalents and bank deposits totalling EUR 8.7 million, against net financial debt, at the same date, of EUR 178.3 million (EUR 186.5 million as at 31 December 2012).

<i>(EUR mln)</i>	Notes	30 September 2013	31 December 2012
A. Cash and Bank deposits		8.7	4.4
B. Other cash equivalents		0.1	0.1
C. Securities held for trading		-	-
D. Cash and cash equivalents (A) + (B) + (C)		8.8	4.5
E. Current financial receivables		0.1	-
F. Non-current financial receivables	(1)	6.4	6.3
G. Current bank payables	(2)	6.0	6.3
H. Current portion of non-current debt	(3)	108.9	9.5
I. Other current financial payables (*)	(4)	0.3	0.1
J. Current financial debt (G) + (H) + (I)		115.3	16
K. Net current financial debt (J) – (E) – (D) – (F)		100.1	5.1
L. Non-current bank payables	(5)	19.5	122.7
M. Bonds issued		-	-
N. Other non-current payables (**)	(6)	58.8	58.6
O. Non-current financial debt (N) + (L) + (M)		78.3	181.3
P. Net Financial Debt (K) + (O)		178.3	186.5

(*) includes short-term financial leasing payables

(**) includes long-term financial leasing payables

Notes:

- (1) Includes the interest-bearing restricted deposit relating to the financial Sale & lease-back transaction on Sa Illetta;
- (2) Includes the bank payables of Tiscali Italia S.p.A. and Tiscali S.p.A.;
- (3) Includes the short-term component equal to EUR 108.9 million relating to payables to Senior Lenders (principal and interest portions repayable within 12 months);
- (4) Includes EUR 0.3 million of short-term leasing of the subsidiary Tiscali Italia S.p.A.;
- (5) The entire amount of EUR 19.5 million relates to the long-term component of the debt due to Senior Lenders;
- (6) Includes the "Sale and Lease Back Sa Illetta" debt for EUR 58.4 million.

It should be noted that the net financial position drawn up by the Company in accordance with the matters requested by the specific Consob Communication, shown in Note 24 to the abridged quarterly consolidated financial statements, amounts to EUR 184.7 million.

A statement of reconciliation between the two net financial positions is presented below:

<i>(EUR mln)</i>	30 September 2013	31 December 2012
Consolidated net financial debt	178.3	186.5
Other cash equivalents and non-current financial receivables	6.4	6.4
Consolidated net financial debt prepared on the basis of Consob communication No. DEM/6064293 dated 28 July 2006	184.7	192.9

4.3 Significant events during the first nine months of 2013

Istella Launch

On 21 March 2013, Istella became accessible, the search engine for the archiving, research and sharing of the archives and contents which avails itself of the participation of users, institutions and companies. Istella does not propose to replace existing search engines, but rather systematize the national cultural heritage index-linking the Italian domains with particular care.

Approval of the 2012 annual report

On 29 March 2013, Tiscali S.p.A.'s Board of Directors approved the 2012 draft financial statements. On 30 April 2013, Tiscali S.p.A.'s ordinary shareholders' meeting approved the 2012 financial statements.

Tiscali S.p.A.: 2012 draft financial statements approved

On 29 March 2013, Tiscali's Board of Directors approved the 2012 draft financial statements.

The shareholders' meeting approves the 2012 financial statements

On 30 April 2013, Tiscali S.p.A.'s ordinary shareholders' meeting, held in Cagliari in sole calling, approved the 2012 financial statements.

Payment of interest and principal on the Senior Loan

During the first nine months of 2013, the following payments were made:

- On 3 January 2013, cash interest on the senior debt was paid for EUR 0.9 million.
- On 3 July 2013, EUR 7.5 million was repaid in full with regard to the Senior Loan already reclassified under short-term financial liabilities, along with the payment of the interest on the principal for EUR 0.5 million.

WOL settlement agreement signed

On 7 August 2013, the Company entered into a settlement agreement with the financial institutions, on the basis of which the same financial institutions waive all compensatory action vis-à-vis WOL relating to the transactions carried out by them with the VEB shareholders' associations (for further details see the section "Disputes, contingent liabilities and commitments" contained in the Consolidated financial report as at 30 June 2013). In accordance with the afore-mentioned agreement, on 19 September 2013 the Company made the payment of EUR 1.750 million, a sum for which the Company itself had taken steps to make a provision as of 30 June 2013.

4.4 Business continuity

This quarterly Report as at 30 September 2013 was drawn up with a view to the business as a going-concern. With regard to the assessments of the Board of Directors in relation to the business continuity, reference should be made to the section "Assessment of the business as a going-concern and business outlook", in Note 4.8 to the Consolidated Financial Report as at 30 June 2013.

**Financial Statements and Explanatory Notes as at 30
September 2013**

5 Consolidated Financial Statements and Explanatory Notes as at 30 September 2013

5.1 Income statement

	30 September 2013	30 September 2012
<i>(EUR 000)</i>		
Revenues	168,732	173,221
Other income	5,380	1,603
Purchase of materials and outsourced services	95,427	99,915
Payroll and related costs	25,762	25,605
Other operating (income) charges	(2,073)	(4,172)
Write-downs of receivables from customers	11,989	16,999
Restructuring costs and other write-downs	5,645	793
Amortisation/depreciation	29,572	30,384
Operating result	7,791	5,300
Net financial income (charges)	(10,053)	(9,540)
Pre-tax result	(2,262)	(4,241)
Income taxes	(1,098)	(1,002)
Net result from operating activities (on-going)	(3,359)	(5,243)
Result from assets disposed of and/or destined for disposal	0	(9)
Net result for the period	(3,359)	(5,252)
Attributable to:		
- Result pertaining to the parent company	(3,359)	(5,252)
- Minority interests	0.00	0.0
Earnings (Losses) per share		
Earnings per share from operating activities and those disposed of:		
- Basic	(0.00)	(0.00)
- Diluted	(0.00)	(0.00)
Earnings per share from operating activities:		
- Basic	(0.00)	(0.00)
- Diluted	(0.00)	(0.00)



5.2 Statement of comprehensive income

<i>(EUR 000)</i>	30 September 2013	30 September 2012
Result for the period	(3,359)	(5,252)
Effect of Revised IAS 19	(1,320)	(880)
Total statement of comprehensive income result	(4,679)	(6,132)
Attributable to:		
Shareholders of the parent company	(4,679)	(6,132)
Minority shareholders	0	0
	(4,679)	(6,132)

5.3 Statement of financial position

<i>(EUR 000)</i>	30 September 2013	31 December 2012
<i>Non-current assets</i>		
Intangible assets	69,836	72,849
Property, plant and equipment	86,499	94,773
Other financial assets	10,100	10,080
	166,435	177,702
<i>Current assets</i>		
Inventories	998	309
Receivables from customers	49,789	60,439
Other receivables and other current assets	10,507	10,981
Other current financial assets	93	118
Cash and cash equivalents	8,683	4,406
	70,070	76,253
Assets held for sale	(0)	(0)
Total Assets	236,504	253,954
<i>Share Capital and reserves</i>		
Share Capital	92,023	92,020
Stock option reserve	0	0
Results from previous periods and Other reserves	(239,057)	(223,395)
Result pertaining to the Group	(3,359)	(15,844)



Group shareholders' equity	(150,394)	(147,219)
Minority interests	0	0
Shareholders' equity pertaining to minority shareholders	0	0
Total Shareholders' equity	(150,394)	(147,219)
<i>Non-current liabilities</i>		
Payables to banks and to other lenders	19,470	122,711
Payables for financial leases	58,780	58,618
Other non-current liabilities	3,544	4,732
Liabilities for pension obligations and staff severance indemnities	5,075	5,312
Provisions for risks and charges	2,081	2,458
	88,949	193,831
<i>Current liabilities</i>		
Payables to banks and other lenders	114,971	15,869
Payables for financial leases	277	95
Payables to suppliers	113,000	128,633
Other current liabilities	69,701	62,746
	297,949	207,343
Liabilities directly related to assets held for sale	(0)	(0)
Total Liabilities and Shareholders' equity	236,504	253,954

5.4 Cash flow statement (in abridged form)

	30 September 2013	30 September 2012
<i>(EUR 000)</i>		
Net result from operating activities (on-going)	(3,359)	(5,243)
FLows GENERATED BY OPERATIONS (inclusive of the Result)	34,471	37,076
FLows GENERATED BY INVESTMENT ACTIVITIES	(18,279)	(18,750)
FLows GENERATED BY FINANCING ACTIVITIES	(11,914)	(19,269)
NET INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	4,278	(944)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	4,406	6,564
CASH AND CASH EQUIVALENTS AT THE END OF THE FIRST QUARTER OF THE YEAR	8,683	5,620



5.5 Statement of changes in consolidated shareholders' equity

	Share Capital	Share premium reserve	Stock option reserve	Reserves for employee benefits	Accumulated losses and Other reserves	Group shareholders' equity	Minority interests	Total
Balance at 31 December 2012	92,020				(237,939)	(145,919)		(145,919)
Effect of Revised IAS 19				(1,585)	285	(1,300)		(1,300)
Balance at 1 January 2013	92,020			(1,585)	(237,654)	(147,219)		(147,219)
Share capital increase	1					1		1
Increases /(Decreases)	2					2		2
Statement of comprehensive income result				181	(3,359)	(3,178)		(3,178)
Balance as at 30 September 2013	92,023			(1,403)	(241,014)	(150,394)		(150,394)

	Share Capital	Share premium reserve	Stock option reserve	Reserves for employee benefits	Accumulated losses and Other reserves	Group shareholders' equity	Minority interests	Total
Balance at 31 December 2011	92,019				(222,004)	(129,985)		(129,985)
Share capital increase								
Increases /(Decreases)					(1)	(1)		(1)
Statement of comprehensive income result					(5,252)	(5,252)		(5,252)
Balance as at 30 September 2012	92,019				(227,257)	(135,237)		(135,237)

EXPLANATORY NOTES TO THE INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2013

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 a wide range of services to its customers, both private individuals and companies, from dial-up and ADSL Internet access to voice services (including mobile telephone and portal services).

This combination enables Tiscali to compete effectively with the major operators on the market.

Thanks to its unbundling network (LLU), its range of innovative services and its strong brand, Tiscali has achieved a strategic position in the market of telecommunications.

This interim report on operations is presented in thousands of Euro (EUR), which is the currency used to conduct most of the Group's operations.

In preparing these financial statements, the directors have adopted the going-concern assumption and therefore have drafted the financial statements using the standards and policies that are applied to companies in operation.

Form and content of the accounting statements

Basis of presentation and consolidation

This interim report on operations as at 30 September 2013 has been drawn up by following both the International Accounting Standards ("IFRS") issued by the Accounting Standards Board ("IASB") and ratified by the European Union. 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 is compliant with the disclosure envisaged by International Accounting Standard No. 34 Interim financial reporting (IAS 34), in observance of Article 154 *ter* of Italian Legislative Decree No. 58 dated 24 February 1998 (TUF) and subsequent amendments and additions, also taking into account the other CONSOB communications and resolutions on this subject.

The notes have been drawn up in abridged form, applying the faculty envisaged by IAS 34 and therefore they do not include the information required for annual financial statements drawn up in accordance with the IFRS, since this interim report on operations within the logic of IAS 34, has the purpose of providing an update to the balance sheet and income statement situation when compared with the information provided by the consolidated financial statements as at 31 December 2012.

This interim report on operations, as permitted by applicable 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, the accounting standards and policies and the valuation estimates adopted for the preparation of the interim report on operations as at 30 September 2013, have been applied consistently at the time of preparation of the consolidated financial statements as at 31 December 2012, presented for comparative purposes, to which reference is made for the sake of thoroughness. In order to permit an improved comparison, the balances relating to comparative periods have been adjusted, where necessary.

Preparation of the interim report on operations and the related notes in accordance with the IFRS requires management to make a number of estimates and in certain cases adopt assumptions in the application of accounting standards. Within the sphere of the drafting of the half-year financial statements, the significant assessments made by company management regarding the application of the accounting standards and the main sources of uncertainty regarding the estimates, comply with those applied for the preparation of the consolidated financial statements for the year ended as at 31 December 2012.

Consolidation area

There were no changes in the consolidation area during the first nine months of 2013, when compared with the consolidated financial statements at 31 December 2012.

During the third quarter of 2013, the equity investment in Consorcio ICT was disposed of, an investment that had been carried at cost.

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Changes in accounting estimates

The amortisation/depreciation rates for fixed assets are reviewed by the directors annually and are amended if the current useful life differs from that estimated previously. The effects of these changes are reflected in the income statement on a forecast basis.

Accounting standards

With regard to the changes to the existing standards and the interpretations, relevant for the Group, adopted for the first time as from 1 January 2013, please see the matters described in the explanatory notes to the Consolidated financial report as at 30 June 2013.

Revenues

(EUR 000)	30 September 2013	30 September 2012
Revenues	168,732	173,221

Revenues decreased with respect to the same period in 2012, (for further details, please refer to section 4.2 "Analysis of the Group economic, equity and financial position").

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

(EUR 000)	30 September 2013	30 September 2012
Purchase of materials and outsourced services	95,427	99,915
Payroll and related costs	25,762	25,605
Other operating costs	(2,073)	(4,172)

Costs for the purchase of materials and outsourced services (which includes line rental/traffic and interconnection) decreased with respect to the balance as of 30 September 2012, while payroll and related costs were essentially in line with the figure for the same period last year.

Restructuring costs, provisions for risk reserves and write-downs

(EUR 000)	30 September	30 September
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	2013	2012
Write-downs of receivables from customers	11,989	16,999
Restructuring costs and other write-downs	5,645	793
Total	17,634	17,792

The provision for the write-down of receivables in the first nine months of 2013 refers to both the portion pertaining to the period and the write-down of prior receivables in relation to which action for recovery did not produce the desired effects.

The item "Restructuring costs and other write-downs" includes the following items:

- provisions for group reorganisation costs amounting to around EUR 3.5 million. These are professional charges (mainly legal and tax advice) relating to the restructuring of the Group's senior debt and the winding up of the foreign companies;
- provision for the settlement of a prior dispute, relating to the IPO of the subsidiary World On Line BV, for EUR 1.75 million.
- customer disconnection charges, relating to mass disconnections made during 2013, for around EUR 0.3 million.

Financial income and charges

Financial charges and the related trends are linked to the Group's debt structure. These amounted to EUR 10.1 million in the first nine months, up over the figure in the previous period (EUR 9.5 million).

Result from assets disposed of and/or destined for disposal

The "Result from operating assets disposed of and/or assets held for sale" presented a zero balance as at 30 September 2013.

Non-current assets

(EUR 000)	30 September 2013	31 December 2012
Intangible assets	69,836	72,849
Property, plant and equipment	86,499	94,773
Other financial assets	10,100	10,080
Total	166,435	177,702

Non-current assets include intangible fixed assets and tangible fixed assets (mainly Property, plant and equipment) recorded with a total value at 30 September 2013 of EUR 166.4 million (EUR 177.7 million at 31 December 2012).

Non-current assets also include other financial assets totalling EUR 10.1 million (EUR 10.1 million as at 31 December 2012), which include guarantee deposits of EUR 6.4 million recorded for the Italian subsidiary Tiscali Italia S.p.A. relating to the "Sale and Leaseback" transaction on the Sa lletta property and the value of the equity investment held by Tiscali Italia S.p.A. in Janna, amounting to EUR 2.2 million.

Current assets

(EUR 000)	30 September 2013	31 December 2012
Inventories	998	309
Receivables from customers	49,789	60,439
Other receivables and other current assets	10,507	10,981
Other current financial assets	93	118
Cash and cash equivalents	8,683	4,406
Total	70,070	76,253

Current assets mainly include "Receivables from customers", EUR 49.8 million at 30 September 2013, compared to a balance of EUR 60.4 million as at 31 December 2012.

Other receivables and other current assets, amounting to EUR 10.5 million, include accrued income and prepaid expense for service costs for EUR 9.2 million, advances to suppliers for EUR 0.3 million, amounts due from the tax authorities for EUR 1 million and other receivables for the remaining balance.

Non-current liabilities

(EUR 000)	30 September 2013	31 December 2012
Payables to banks and to other lenders	19,470	122,711
Payables for financial leases	58,780	58,618
Other non-current liabilities	3,544	4,732
Liabilities for pension obligations and staff severance indemnities	5,075	5,312
Provisions for risks and charges	2,081	2,458
Total	88,949	193,831

Non-current liabilities at 30 September 2013 amounted in total to EUR 88.9 million (EUR 193.8 million at 31 December 2012).

Non-current liabilities include the long-term portion of the debt due to Senior Lenders, restructured as from 3 July 2009, amounting to EUR 19.5 million (inclusive of interest up until 30 September 2013) and the debt recorded by the Italian subsidiary Tiscali Italia S.p.A. relating to the "Sale and Lease Back" transaction on the Sa Illetta property totalling EUR 58.4 million.

Other non-current liabilities amounting to EUR 3.5 million as at 30 September 2013 (EUR 4.7 million as at 31 December 2012), essentially included medium/long-term payables to suppliers for the purchase of long-term

rights for the use of transmission capacity (IRU) for EUR 2 million, other long-term payables to suppliers for EUR 0.3 million and amounts due to the associated company Janna for EUR 1.1 million.

The balance of non-current liabilities also includes, together with the staff severance indemnities of Italian companies (EUR 5.1 million as at 30 September 2013), provisions for risks and charges (EUR 2.1 million).

Current liabilities

(EUR 000)	30 September 2013	31 December 2012
Payables to banks and other lenders	114,971	15,869
Payables for financial leases	277	95
Payables to suppliers	113,000	128,633
Other current liabilities	69,701	62,746
Total	297,949	207,343

Current liabilities amounted in total to EUR 297.9 million, compared with EUR 207.3 million at 31 December 2012.

The item "Payables to banks and to other lenders", totalling EUR 115 million (EUR 15.8 million as at 31 December 2012) mainly included the short-term component of the amount due to Senior Lenders, totalling EUR 108.9 million and the bank debt of Tiscali Italia S.p.A. and Tiscali S.p.A. for EUR 6 million.

"Financial lease payables" mainly include short-term payables for the leasing of the Italian subsidiary Tiscali Italia S.p.A.

The non-financial items concern amounts due to suppliers (EUR 113 million as at 30 September 2013, compared with a balance of EUR 128.6 million at the end of the previous year).

The item "Other current liabilities" includes accrued expenses pertaining to the purchase of access services, line rental and charges for employees for EUR 4 million, deferred income of EUR 36.7 million, payables due to employees for EUR 1.4 million, the balance of VAT payable for around EUR 15 million, amounts due to the tax authorities and to social security and welfare institutions for around EUR 5.5 million, IRAP payables for EUR 2.9 million and other payables totalling Euro 4.2 million.

Shareholders' equity

(EUR 000)	30 September 2013	31 December 2012
Share capital	92,023	92,020
Accumulated losses and other reserves	(239,057)	(223,395)
Result for the period	(3,359)	(15,844)
Total Shareholders' equity	(150,394)	(147,219)

Changes in the various shareholders' equity items are detailed in the relevant table. At 30 September 2013, the share capital amounted to EUR 92 million corresponding to 1,861,498,780 ordinary shares.

Segment reporting (by geographic area)

The activities of the Tiscali Group and the related strategies, as well as the underlying activities linked to head office control, are structured and defined by geographic area. Segment reporting is presented on the basis of the following segments:

- Italy;
- Other countries;
- Corporate.

Income statement as at 30 September 2013

30 September 2013	Italy	Other	Corporate	HFS/ Discontinued	Cancellation adjustments	Total
(EUR 000)						
Revenues						
From third parties	168,649	-	83	-	-	168,732
Intra-group	243	-	3,209	-	(3,452)	-
Total revenues	168,892	-	3,292	-	(3,452)	168,732
Operating result	10,796	(136)	(2,865)	-	(4)	7,791
Portion of results of equity inv. carried at equity						-
Net financial income (charges)						(10,053)
Pre-tax result						(2,262)
Income taxes						(1,098)
Net result from operating activities (on-going)						(3,359)
Result from assets disposed of and/or destined for disposal						-
Net result						(3,359)

Income statement as at 30 September 2012

30 September 2012	Italy	Other	Corporate	HFS/ Discontinued	Cancellation adjustments	Total
(EUR 000)						
Revenues						
From third parties	173,158	-	62	-	-	173,221
Intra-group	344	-	3,267	-	(3,611)	-
Total revenues	173,502	-	3,329	-	(3,611)	173,221
Operating result	836	2,731	1,732	-	-	5,300
Portion of results of equity inv. carried at equity						-
Net financial income (charges)						(9,540)
Pre-tax result						(4,241)
Income taxes						(1,002)
Net result from operating activities (on-going)						(5,243)

Result from assets disposed of and/or destined for disposal

(9)

Net result

(5,252)

Disputes, contingent liabilities and commitments

The Tiscali Group is involved in a number of legal proceedings, a description can be found in the identical section of the Consolidated financial report as at 30 June 2013.

In September 2013, the Company received notification, pursuant to Italian Legislative Decree No. 231/2001, of the conclusion of the preliminary investigations for alleged false corporate communications relating to the financial statements between 2008 and 2012. Trusting in the full legitimacy of its action and its directors, as well as in the absolute correctness of the accounting and financial documents, the Company is taking the necessary defence action.

Furthermore, it is also hereby specified that, as indicated in the identical section of the consolidated financial report as at 30 June 2013, no provisions have been made for risks in the absence of known and objective elements or if the negative outcome of the dispute is deemed unlikely.



Chairman and Chief Executive Officer

Renato Soru

6 Statement of the appointed executive

Pasquale Lionetti, Executive in charge of drawing up the corporate accounting documents, hereby declares – pursuant to Article 154 *bis*, section 2 of the Italian Finance Consolidation Act – that the accounting information contained in this Interim report on operations of the Tiscali S.p.A. Group as at 30 September 2013 corresponds to the documentary results, books and accounting records.



Executive in charge of drawing up the Company's accounting documents

Pasquale Lionetti

7 Appendix - Glossary

Shared access	Technique for shared access to a local network in which a former monopoly operator rents part of the capacity to other operators: in that portion of the bandwidth the operator can provide Broadband services, whilst the former monopoly operator on the portion of the bandwidth not hired out, continues to provide telephony services.
ADSL	Acronym for Asymmetric Digital Subscriber Line, (the available bandwidth in reception is greater than that available for transmission) to enable internet access at high speed.
ADSL2+	An ADSL technology that extends the ADSL base capacity by doubling the download bit flow. The bandwidth can reach 24 Mbps in download and 1.5 Mbps in upload and depends on the distance between the DSLAM and the customer's location.
Uncovered Areas	Also called "indirect access areas" to identify the geographic areas which are not directly served by the network owned by Tiscali (see also Bitstream and Wholesale).
ARPU	Average returns for fixed and mobile telephony for the user calculated over a given period for an average number of active (for other operators) or Tiscali Group customers in the same period.
Bitstream	Bitstream (or digital flow) services: service consisting of the supply by an operator of access to the fixed public telephone network of the transmission capacity between an end user workstation and the point of presence of an operator or an ISP that wants to provide broadband services to the end user.
Broadband	Data transmission system in which lots of data is sent simultaneously to increase the actual speed of transmission with a data flow equal to or greater than 1.5 Mbps.
Broadcast	Simultaneous transmission of information to all nodes on a network.
Unique browsers	Number of different browsers that, in a specific time span, can visit a site one or more times.
Access fee	This is the amount debited by national operators for each minute of use of their network by the operators of other networks. This is also called the "interconnection fee".
Capex	Acronym for Capital Expenditure. Identifies the outgoing cash flows generated by the investments in an operating structure.

Carrier	Company that physically makes a telecommunications network available.
Co-location	Dedicated spaces in the machine rooms of an incumbent operator for the installation by Tiscali of its own network devices.
CPS	Acronym for Carrier Pre Selection, a system for preselecting an operator. This enables an operator/supplier of local services to automatically route calls on the network of the carrier selected by a client who no longer has to enter special selection codes.
CS	Acronym for Carrier Selection, a system for selecting an operator. Enables a client to select, by entering a special code, a long distance national or international operator other than that with whom he/she has a network access subscription.
Business customers	SoHos, small medium and large businesses.
Consumer customers	Customers who subscribe to an offer intended for households.
Dial Up	Narrowband internet connection by means of a normal telephone call, usually charged on a time basis.
Digital	This is the way of representing a physical variable in a language that uses only the figures 0 and 1. The figures are transmitted in binary code as a series of impulses. Digital networks, which are rapidly replacing the old analogue networks, allow greater capacities and greater flexibility by using computerised technologies for the transmission and handling of calls. Digital systems offer less noise interference and can include encryption as protection from outside interference.
Double Play	Combined offer of access to the Internet and fixed telephony.
DSL Network	Acronym for Digital Subscriber Line Network, which is a network built from existing telephone lines using DSL technology instruments that, by using sophisticated modulation mechanisms, enable data packets to be sent along copper wires and thus the linking of a telephone handset to a modem at a home or in an office.
DSLAM	Acronym for Digital Subscriber Line Access Multiplexer, a device used in DLS technologies, to multiply the transmission of data at high capacities on telephone wires, where a multiplexer means a device that enables the transmission of information (voice, data, videos) in flows by means of direct and continuous connections between two different points on a network.

Fibre Optic

Thin fibres of glass, silicon or plastic that form the basis of a data transmission infrastructure. A fibre optic cable contains various individual fibres, each capable of carrying a signal (light impulses) over a virtually limitless band length. They are usually used for long distance transmissions, for the transmission of "heavy data" so that the signal arrives protected from interference which it might encounter along its own path. A fibre optic cable's carrying capacity is considerably greater than that of traditional cables and copper wire twisted pairs.

GigaEthernet

Term uses to describe the various technologies that implement the nominal speed of an Ethernet network (the standard protocol for cards and cables for high speed connections between a computer and a local network) of up to 1 gigabit per second.

Home Network

Local network made up from various kinds of terminals, devices, systems and user networks, with related applications and services including all the apparatus installed at user premises.

Hosting

Service that consists of allocating on a web server the pages of a website, thus making it accessible from the internet network.

Incumbent

Former monopoly operator active in the telecommunications field.

IP

Acronym for Internet Protocol, a protocol for interconnecting networks (Inter-Networking Protocol), created for interconnecting ungrouped networks by technology, services and handling.

IPTV

Acronym for Internet Protocol Television, a technology suited for using the IP transport technology to carry television content in digital form, using internet connections.

IRU

Acronym for Indefeasible Right of Use, long term agreements that guarantee the beneficiary the option of using for a long period the grantor's fibre optic network.

ISDN

Acronym for Integrated Service Digital Network, a telecommunications protocol in Narrowband able to carry in an integrated form various kinds of information (voice, data, texts, and images) coded in digital form on the same transmission line.

Internet Service Provider or ISP

Company that provides Internet access to single users or organisations.

Leased lines

Lines whose transmission capacity is made available through leasing contracts for the transmission capacity.

MAN	Acronym for Metropolitan Area Network, a fibre optic network that extends across a metropolitan area and links a Core Network to an Access Network.
Mbps	Acronym for megabit per second, a unit of measurement that states the capacity (and thus the speed) of data transmission along a computer network.
Modem	Modulator/demodulator. It is a device that modulates digital data in order to permit its transmission along analogue circuits, usually made up of telephone lines.
MNO	Acronym for Mobile Network Operator, an operator of proprietary telecommunications on a mobile network that offers its own services wholesale to all MVNOs (Mobile Virtual Network Operator).
MPF	Acronym for Metallic Path Facility, the pair of copper wires (unscreened twisted pair) that comes from an exchange (MDF -Main Distribution Frame) in an operator's telephone room and arrives at the user's premises (individual or corporate). Connections can be Full or Shared. A Full type connection enables the use of the data service (broadband) in addition to voice traffic. A Shared kind of connection only enables the use of the data service (broadband). In a "shared access" service, the LLU operator (in ungrouped access) provides the ADSL services to the end user, whilst the incumbent operator provides the analogue telephony service using the same access line.
MSAN	Acronym for Multi-Service Access Node, a platform able to carry a combination of traditional services on an IP network and that supports a variety of access technologies such as for example a traditional telephone line (POTS), and ADSL2+ line, a symmetric SHDSL line, VDSL and VDSL2 over a copper or fibre-optic network.
MVNO	Acronym for Mobile Virtual Network Operators: A party that offers mobile telecommunications services to the public, using its own mobile network interconnection structures, its own HLR, its own mobile phone network code MNC, Mobile Network Code), its own customer handling (marketing, invoicing and support) and issuing its own SIM cards, but does not have assigned frequencies and takes advantage, for access, of agreements negotiated or regulated via one or more licensed mobile network operators.

Narrowband	System for connecting to data networks, for example the Internet, by means of a telephone call. In this kind of connection all the bandwidth used for the means of transmission is used as a single channel. One single signal occupies all the available bandwidth. The bandwidth of a communications channel identifies the maximum quantity of data that can be carried by means of transmission of the unit over time. The capacity of a communication channel is limited by the frequency interval that the equipment can sustain and by the distance to be travelled. An example of a Narrowband connection is the common modem narrowband connection at 56 kbps.
OLO	Acronym for Other Licensed Operators, operators other than the dominant one that operate in a national telecommunications services market.
Opex	Acronym for Operating Expenses which are direct and indirect costs that are recoded in the income statement.
Pay-Per-View	System by which a spectator pays to view a single programme (such as a sporting event or a film or concert) at the time it is transmitted or broadcast.
Pay TV	TV channels on payment. To receive Pay TV or Pay-Per-view, you have to connect a decoder and have an access system subject to conditions.
Platform	It is the total of the inputs, including hardware, software and equipment for running and the procedures for production (production platform) or for the management (management platform) or for a special service (service platform).
POP	Acronym for Point of Presence, a site at which telecommunications apparatus is installed and that forms a node on the network.
Portal	Website that forms a point of departure or an entry point for a major group of Internet resources or an Intranet.
Router	Hardware or in some cases software instrument that identifies the next point on the network to which a data packet is to be sent, and routes that data packet towards the end destination.
Service Provider	Party that provides end users and content providers with a range of service, including that of an owned, leased or third party service centre.
Server	Computer component that provides services to other components (typically client calls) via a network.

<i>Set-top-box or STB</i>	Device able to handle and route data, voice and television connections, installed at the end user's premises.
<i>Syndication</i>	The sale of radio and TV transmissions wholesale by a media company that owns the rights and usually the delivery platform also.
<i>SoHo</i>	Acronym for Small office Home office, for small offices, mostly professional offices or small firms.
<i>SHDSL</i>	Acronym for Single-pair High-speed Digital Subscriber Line. SHDSL is a technology for telecommunications of the XDSL family and is made by using direct LLU interconnections and enables high speed connections to be made in a balanced way in both directions (transmission and reception).
<i>Single Play</i>	Service including only broadband data access, not combined with other multiplay components such as voice and IPTV services. Broadband access may be provided through LLU platforms, Wholesale or Bitstream.
<i>Single Play voice</i>	Service including only voice access, not combined with other multiplay components such as broadband and IPTV access. Voice service can also be provided by VOPI and CPS procedures.
<i>SMPF</i>	Acronym for Shared Metallic Path Facilities which is synonymous with Shared Access (ungrouped access).
<i>Triple Play</i>	A combined offering of fixed and/or mobile telephony, Internet and/or TV made by a single operator.
<i>Local loop unbundling or LLU</i>	Unbundled access to a local network, in other words, the possibility that telephone operators have had, since the telecommunications market was deregulated, to use existing physical infrastructures built by another operator to offer its own services to customers, paying a rental to the operator that is the actual owner of the infrastructure.

VAS

Acronym for Value-Added Services; services with added value provide a greater level of function compared with the basic transmission services offered on a telecommunications network for the transfer of information between terminals. These include switched analogue voice communications via cable or wireless, a direct digital point to point network “unrestricted” at 9,600 bits/s; packet switching (called virtual) service; analogue and direct broadband transmission of TV signals and extra services, such as closed user groups; call waiting; reverse charging; call announcement and identification of the number called. The value added services provided over a network, from terminals or specialist centres include exchange services, messaging (MHS) (which can also be used for commercial documents in accordance with a predetermined format); electronic user directories, network and terminal addresses; e-mail; fax, teletext, videotext and videophone. Value added services may also include voice telephony value added services such as free numbers or paid telephone services.

VISP

Acronym for Virtual Internet Service provision (sometimes also called Wholesale ISP). This is selling of Internet services purchased wholesale from an Internet Service Provider (ISP) that has the network infrastructure.

VoD

Acronym for Video On Demand. It is the supply of television programs on request by a user for payment of a subscription or of a sum for each programme (a film, or a football match) purchased. Broadcast in a special way by satellite TV and for cable TV.

VoIP

Acronym for Voice over internet Protocol, a digital technology that enables the transmission of voice packets through Internet, Intranet, Extranet and VPN networks. The packets are carried according to H.323 specifications, which are the ITU (International Telecommunications Union) standard that forms the basis for data, audio, video and communications on IP networks.

VPN

Acronym for Virtual Private Network, which can be realised on Internet or Intranet. Data between workstations and the server of the private network is sent along common public Internet networks, but using protection technologies against any interception by unauthorised persons.

Virtual local loop unbundling or VLLU

Procedure for accessing a local analogue network by which, even in the absence of physical infrastructures, the conditions and terms of access under LLU terms are replicated. This is a temporary access system that is usually replaced by LLU.

xDSL

Acronym for Digital Subscriber Lines, a technology that, by means of a modem, uses the normal telephone twisted pair and transforms the traditional telephone line into a high speed digital connection for the transfer of data. ADSL, ADSL 2, and SHDSL etc. belong to this family of technologies.

WI-FI

Service for connection to the internet at high speed wirelessly.

Wi-Max

Acronym for Worldwide Interoperability for Microwave Access: it is a technology that enables wireless access to broadband telecommunications networks. It has been defined by the WiMAX forum, a world-wide consortium made up of the largest companies in the fixed and mobile telecommunications field that has the purpose of developing, promoting and testing the interoperability of systems based on IEEE standard 802.16-2004 for fixed access and IEEE.802.16e-2005 for fixed and mobile access.

Wholesale

Services that consist of the sale of access services to third parties.

WLR

Acronym for Wholesale Line Rental, selling on by an operator of the telecommunications service for lines affiliated with an Incumbent.