

Consolidated financial report as at 31 March 2014

Issue date: 31 March 2014

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TISCALI S.P.A.

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

Share Capital EUR 92,022,830.47

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


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1 Highlights

Income statement	31 March 2014	31 March 2013
<i>(EUR mln)</i>		
· Revenues	53.2	55.9
· Adjusted Gross Operating Result (EBITDA)	13.5	15.9
· Gross Operating Result (EBITDA)	11.0	12.7
· Operating result	1.9	1.1
Statement of financial position	31 March 2014	31 December 2013
<i>(EUR mln)</i>		
· Total assets	222.1	222.7
· Net Financial Debt	(190.9)	(191.6)
· Net Financial Debt as per Consob	(197.9)	(198.5)
· Shareholders' equity	(154.1)	(151.9)
· Investments	4.3	24.8
Operating figures	31 March 2014	31 March 2013
<i>(000)</i>		
ADSL (broadband) users	492.8	483.2
Of which: Direct ADSL users (LLU)	356.1	348.5
Narrowband and Voice users	42.2	41.6



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 31 March 2014

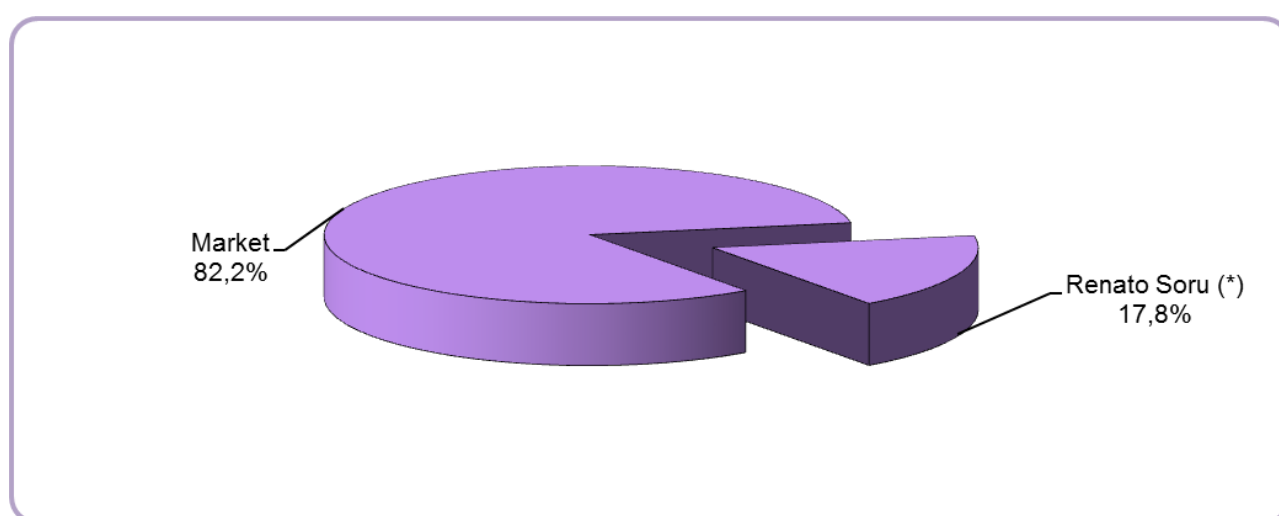
4 Quarterly Report as at 31 March 2014

4.1 Tiscali shares

Tiscali shares have been listed on the Italian Stock market (Milan: TIS) since October 1999. At 31 March 2014, market capitalization came to around EUR 140.2 million, calculated on the value of EUR 0.0753 per share as at that date.

At 31 March 2014, the number of shares representing the Group's share capital amounted to 1,861,498,844. Tiscali's shareholder base at 31 March 2014 is illustrated below.

Fig. 4.1- Tiscali shares



[Market 82.2%; Renato Soru (*) 17.8%]

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%).

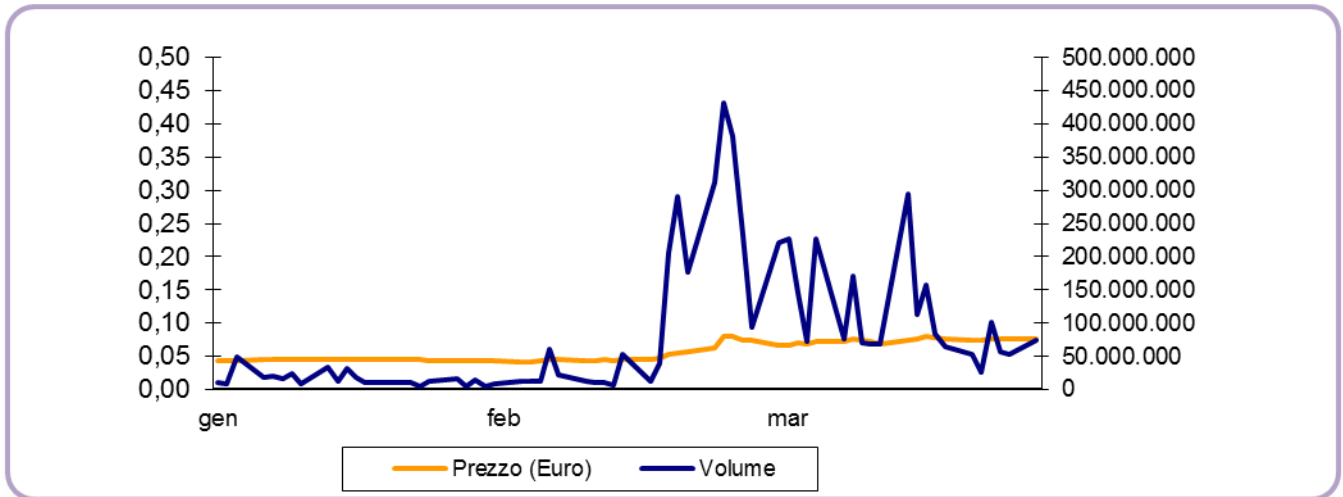
Share capital structure at 31 March 2014

SHARE CAPITAL STRUCTURE		
	No. of shares	As % of share capital
Ordinary shares	1,861,498,844	100%
OTHER FINANCIAL INSTRUMENTS		
	No. of warrants	Listing market
Tiscali 2009-2014 warrants ***	1,799,320,871	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 three months of 2014, characterised by sustained trading volumes, particularly in the month of March.

Fig. 4.2 - Tiscali's share performance during the first three months of 2014



[Jan – Feb – Mar
Price (EUR) – Volume]

Source: Bloomberg data processing

The average monthly price in the first three months stood at EUR 0.057. The maximum price for the period was EUR 0.0802, while the minimum came to EUR 0.0419. Trading volumes stood at a daily average of about 83.5 million items, with a daily average trade value of EUR 4.8 million.

Average exchanges of Tiscali shares on Borsa Italiana (Italian Stock Exchange) in the first quarter of 2014		
	Price (EUR)	No. of shares
January	0.044	15,652,100
February	0.053	119,534,554
March	0.074	115,364,185
Average	0.057	83,516,947

Source: Bloomberg data processing

4.2 Analysis of the Group economic, equity and financial position

Introduction

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

(EUR mln)

CONSOLIDATED INCOME STATEMENT	31 March 2014	31 March 2013	Change
Revenues	53.2	55.9	(2.7)
Other income	0.5	2.2	(1.7)
Purchase of materials and outsourced services	31.5	33.6	(2.0)
Payroll and related costs	8.7	9.0	(0.2)
Other operating costs / (income)	0.0	(0.3)	0.3
Adjusted Gross Operating Result (EBITDA)	13.5	15.9	(2.4)
Write-downs of receivables from customers	2.5	3.2	(0.7)
Gross Operating Result (EBITDA)	11.0	12.7	(1.7)
Restructuring costs, provisions for risk reserves and write-downs	0.0	1.8	(1.8)
Amortisation/depreciation	9.1	9.8	(0.7)
Operating result (EBIT)	1.9	1.1	0.8
Net financial income (charges)	(3.7)	(3.3)	(0.4)
Pre-tax result	(1.8)	(2.2)	0.4
Income taxes	(0.4)	(0.4)	(0.0)
Net result from operating activities (on-going)	(2.2)	(2.6)	0.4
Result from assets disposed of and/or held for sale	0.0	0.0	0.0
Net result	(2.2)	(2.6)	0.4
Minority interests	0.0	0.0	0.0
Group Net Result	(2.2)	(2.6)	0.4

Tiscali Group revenues during the first three months of 2014 came to EUR 53.2 million, down with respect to the balance of EUR 55.9 million recorded in the first three months of 2013. The revenue mix by business line changed, as described below:

- a reduction of EUR 2.1 million (5.1%) 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 quarter of 2013, due to the rising competitiveness of the market;
- BTB revenues rose by around EUR 0.2 million (3.5%);
- analogue voice revenues decreased EUR 0.7 million (drop of 16.4%) mainly due to the decrease in the volume of wholesale services for EUR 0.9 million;
- Media revenues fell EUR 0.4 million (decrease of 6.9%).

During the first three months of 2014, internet access and voice services – the Group's core business – represented around 80.6% of total turnover.

Costs for purchases of materials and services totalling EUR 31.5 million, decreased EUR 2 million with respect to the first three months of last year.

The adjusted Gross Operating Result (EBITDA) before provisions, totalling EUR 13.5 million (25.4% of revenues), was down 14.9% when compared with the EBITDA of EUR 15.8 million reported as at 31 March 2013.

The net operating result (EBIT) for the first three months of the year, net of provisions, write-downs and restructuring costs, was a profit of EUR 1.9 million, up with respect to the positive comparable balance of EUR 1.1 million recorded in 2013.

The result from operating activities (on-going), a loss of EUR 2.2 million, improved with respect to the same figure in the first three months of the previous year, presenting a negative balance of EUR 2.6 million.

The result from assets disposed of and/or held for sale was nil.

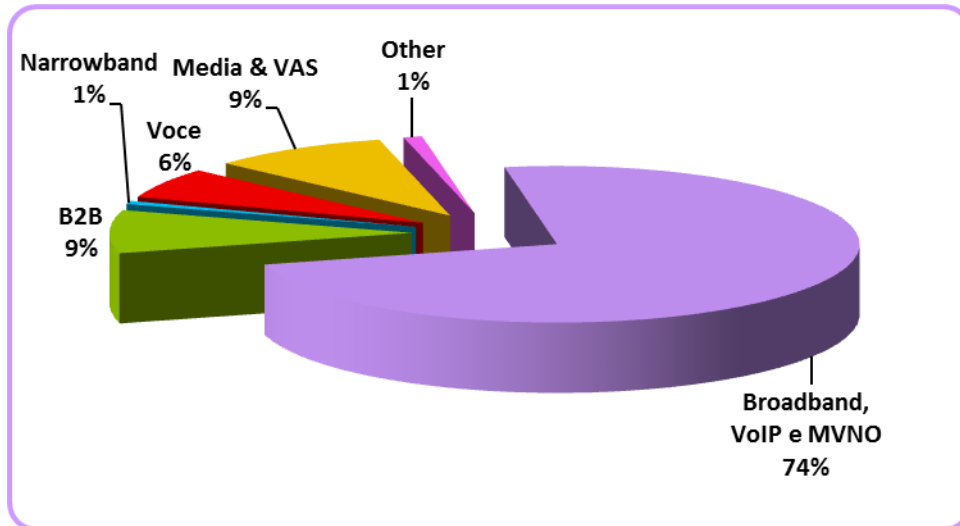
The Group's net result was a loss of EUR 2.2 million, an improvement with respect to the comparable figure in the first three months of the previous year, a loss of EUR 2.6 million.

Operational income statement - Group

(EUR mln)	31 March 2014	31 March 2013
Revenues	53.2	55.9
Access revenues (including VoIP)	39.2	41.3
<i>of which: ADSL</i>	23.3	23.8
<i>of which VOIP</i>	14.9	16.7
<i>of which MVNO</i>	1.0	0.8
Dial Up revenues (narrowband)	0.4	0.7
Voice revenues	3.3	4.0
Business service revenues	4.7	4.6
Media and value added service revenues	5.1	5.1
Other revenues	0.5	0.3
Gross operating margin	27.0	27.7
Indirect operating costs	14.0	14.3
Marketing and sales	2.0	1.9
Payroll and related costs	8.7	9.0
Other indirect costs	3.3	3.4
Other (income) / expense	(0.5)	(2.5)
Adjusted Gross Operating Result (EBITDA)	13.5	15.9
Write-down of receivables	2.5	3.2
Gross Operating Result (EBITDA)	11.0	12.7
Amortisation/depreciation	9.1	9.8
Gross result (EBIT) before restructuring costs and provisions for risks	1.9	2.9
Operating result (EBIT)	1.9	1.1
Group Net Result	(2.2)	(2.6)

Revenues by business line

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



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 three months of 2014 generated revenues of around EUR 39.2 million, down by 5.1% with respect to the figure in the same period in 2013 (EUR 41.3 million). The decrease in revenues is mainly attributable to the ADSL access services (EUR 23.3 million as of 31 March 2014 compared with EUR 23.8 million as of 31 March 2013) and the VOIP segment (EUR 14.9 million as at 31 March 2014 compared with EUR 16.7 million at 31 March 2013).

As at 31 March 2014, direct ADSL customers increased by 9.6 thousand with respect to the comparable figure in the same period of 2013. 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 2013.

Total ADSL customers as at 31 March 2014 amounted to around 492.8 thousand, of which 356.1 thousand linked under unbundling.

The customer base using dial-up access (narrowband) and analogue voice services stood at around 42.2 thousand users (of which around 27.1 thousand using WLR).

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

Evolution of the customer base

(000)	31 March 2014	31 March 2013
ADSL customers	492.8	483.2
<i>of which LLU</i>	356.1	348.5
Narrowband and Voice customers	42.2	41.6
Dual play customers	363.1	352.3

The unbundling network coverage at 31 March 2014 amounted to 688 sites.

Narrowband

The Narrowband segment reported revenues for EUR 0.4 million as at 31 March 2014, disclosing a natural reduction with respect to the first three months of 2013, equating to EUR 0.7 million.

Voice

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

During the first three months of 2014, there was a decrease in revenues relating to voice services of 16.4%, dropping from EUR 4 million as at 31 March 2013 to EUR 3.3 million as at 31 March 2014.

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 three months of 2014 to EUR 4.7 million, up 3.5% with respect to the corresponding balance as at 31 March 2013 (EUR 4.6 million).

Media

During the first three months of 2014, revenues for the Media and value added services segment (mainly concerning sales of advertising space) amounted to around EUR 5.1 million in line with the same period in the previous year (EUR 5.1 million).

Indirect operating costs during the first three months of 2014 came to EUR 14 million (26.3% of revenues), a decrease with respect to 31 March 2013 of EUR 14.3 million (25.6% of revenues). Within indirect operating costs, **payroll and related costs** amounted to EUR 8.7 million (16.4% of revenues), down slightly with respect to the same previous period (EUR 8.9 million, 16.1% of revenues).

The **adjusted Gross operating result (EBITDA)**, before provisions for risks, write-downs and amortisation/depreciation, amounted to EUR 13.5 million (25.4% of revenues) as at 31 March 2014, down 14.9% with respect to the figure of EUR 15.9 million reported at 31 March 2013 (28.4% of revenues).

The **Gross operating result (EBITDA)**, net of write-downs of receivables and other provisions came to EUR 11 million in the first three months of 2014 (20.7% of revenues), a decrease of 13.2% on the comparable figure in the previous period of 2013 (EUR 12.7 million, 22.7% of revenues).

Provisions to risk reserves, write-downs of receivables and other provisions in the first three months of 2014 were not significant (EUR 18 thousand with respect to EUR 1.8 million in the same period of 2013).

Amortisation/depreciation in the first three months of 2014 came to EUR 9.1 million (EUR 9.8 million in the same period of 2013).

The **operating result (EBIT)** for the first three months of 2014, net of provisions, write-downs and restructuring costs, was a positive balance of EUR 1.9 million (3.6% of revenues), with respect to the comparable balance for 2013, a profit of EUR 1.1 million (1.9% of revenues).

The **result from operating activities (on-going)**, a loss of EUR 2.2 million as at 31 March 2014, improved with respect to the same balance in the previous quarter, negative for EUR 2.6 million.

The **Group's net result** was a loss of EUR 2.2 million, compared with a loss in the first three months of 2013 of EUR 2.6 million.

Equity and financial position

CONSOLIDATED BALANCE SHEET (in abridged form) (EUR mln)	31 March 2014	31 December 2013
Non-current assets	158.7	163.4
Current assets	63.4	59.3
Total Assets	222.1	222.7
Group shareholders' equity	(154.1)	(151.9)
Shareholders' equity pertaining to minority shareholders	0.0	0.0
Total Shareholders' equity	(154.1)	(151.9)
Non-current liabilities	61.7	64.1
Current liabilities	314.5	310.5
Total Liabilities and Shareholders' equity	222.1	222.7

AssetsNon-current assets

Non-current assets at 31 March 2014, amounting in total to EUR 158.7 million, were down with respect to the closing balance as at 31 December 2013 (EUR 163.4 million). The net change is essentially attributable to the amortisation and depreciation on intangible and tangible fixed assets, recorded between 31 March 2013 and 31 March 2014.

Current assets

Current assets at 31 March 2014, amounted in total to EUR 63.4 million, up with respect to 31 December 2013 (EUR 59.3 million). Receivables from customers as at 31 March 2014 amounted in total to EUR 46 million, compared with EUR 45.2 million at 31 December 2013. Other receivables and other current assets, amounting to EUR 11.6 million, include accrued income on access services provided, prepaid expense for service costs and sundry receivables.

LiabilitiesNon-current liabilities

Non-current liabilities at 31 March 2014 amounted in total to EUR 61.7 million, compared with EUR 64.1 million at 31 December 2013. 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 1.9 million, payables to suppliers for the purchase of long-term rights for the use of transmission capacity (IRU), along with the provision for taxation and the provision for employee severance indemnities.

Current liabilities

Current liabilities amounted to EUR 314.5 million as at 31 March 2014 (compared with EUR 310.5 million as at 31 December 2013) 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 31 March 2014, the Tiscali Group held cash, cash equivalents and bank deposits totalling EUR 5.1 million, against net financial debt, at the same date, of EUR 190.9 million (EUR 191.6 million as at 31 December 2013).

<i>(EUR mln)</i>	Notes	31 March 2014	31 December 2013
A. Cash and Bank deposits		5.1	3.1
B. Other cash equivalents		0.0	0.0
C. Securities held for trading		-	-
D. Cash and cash equivalents (A) + (B) + (C)		5.1	3.1
E. Current financial receivables		0.1	0.1
F. Non-current financial receivables	(1)	6.9	6.9
G. Current bank payables	(2)	11.4	11.9
H. Current portion of non-current debt	(3)	133.5	131.8
I. Other current financial payables (*)	(4)	4.4	4.3
J. Current financial debt (G) + (H) + (I)		149.4	148.0
K. Net current financial debt (J) – (E) – (D) – (F)		137.2	137.9
L. Non-current bank payables		0.0	0.0
M. Bonds issued		-	-
N. Other non-current payables (**)	(5)	53.7	53.7
O. Non-current financial debt (N) + (L) + (M)		53.7	53.7
P. Net Financial Debt (K) + (O)		190.9	191.6

(*) includes short-term financial leasing payables

(**) includes long-term financial leasing payables

Notes:

- (1) Essentially 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., Tiscali S.p.A. and Vevisible S.r.l.;
- (3) Includes the entire amount of the debt due to Senior Lenders;
- (4) Essentially includes the short-term portion of the Sale and Lease Back – Sa Illetta payable;
- (5) Essentially includes the long-term portion of the Sale and Lease Back – Sa Illetta payable;

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 197.9 million.

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

<i>(EUR mln)</i>	31 March 2014	31 December 2013
Consolidated net financial debt	190.9	191.6
Other cash equivalents and non-current financial receivables	6.9	6.9
Consolidated net financial debt prepared on the basis of Consob communication No. DEM/6064293 dated 28 July 2006.	197.9	198.5

4.3 Significant events during the first three months of 2014

Payment of interest on the Senior Loan

On 3 January 2014, cash interest on the senior debt was paid for EUR 0.5 million.

4.4 Events subsequent to the first quarter of 2014

Tender for the supply of connectivity services to the Public Administration Authorities (BTB Services)

As illustrated in the 2013 Annual Financial Report (in the section on Events subsequent to the end of the year), on 15 May 2014, the opening of the envelopes containing the Bid of the Consip Spa tender (BTB Services) took place, for the awarding of the connectivity services within the sphere of the Public Connectivity System (SPC) and Tiscali was the company with the best bid. The tender concerned an outline “multi-supplier” contract for the provision of services throughout the whole of Italy for an overall duration of 7 years.

On conclusion of the tender procedure, which envisages the legal checks on the bids and the fulfilments for drawing up a final ranking, Tiscali may be awarded a minimum quota of 52% up to a maximum of 60%.

Approval of the 2013 financial statements and progress of the debt renegotiation process

On 13 June 2014, Tiscali S.p.A.’s Board of Directors approved the 2013 draft financial statements for 2013.

As is known, the Company has been involved for some time in a structured negotiation process aimed at the restructuring of the senior financial debt of the Group deriving from the GFA. This negotiation process ultimately saw the submitting - to the creditors of the loans granted as per the GFA (the **Financing**

Institutions) - of a proposal, preliminary and not binding in nature, relating to the Tiscali Group's financial debt restructuring transaction, which on the one hand could give rise to a recapitalisation of the group and on the other will lead to a partial rescheduling of the debt and the re-wording of the financial covenants currently envisaged by the GFA.

The afore-mentioned proposal recently obtained preliminary consent from all the Financing Institutions conditional upon, among other aspects, the completion of the authorisation process by the competent decision-making bodies of the Financing Institutions and the definition of the necessary contractual documentation, therefore permitting the Group to pursue a hypothesis of restructuring the financial debt as per the GFA of a consensual nature.

Duly noting the recent and positive developments of the negotiations underway, the Board of Directors authorised the Chairman and the Chief Executive Officer to adopt any action aimed at finalising and implementing the afore-mentioned restructuring transaction.

4.5 Business continuity

This quarterly Report as at 31 March 2014 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 3.7 to the Consolidated Financial Report as at 31 December 2013.

**Financial Statements and Explanatory Notes as at 31 March
2014**

5 Consolidated Financial Statements and Explanatory Notes as at 31 March 2014

5.1 Income statement

	31 March 2014	31 March 2013
<i>(EUR 000)</i>		
Revenues	53,219	55,905
Other income	528	2,210
Purchase of materials and outsourced services	31,512	33,561
Payroll and related costs	8,729	8,978
Other operating (income) charges	5	(294)
Write-downs of receivables from customers	2,493	3,186
Restructuring costs and other write-downs	18	1,821
Amortisation/depreciation	9,090	9,804
Operating result	1,900	1,059
Net financial income (charges)	(3,708)	(3,260)
Pre-tax result	(1,808)	(2,201)
Income taxes	(394)	(393)
Net result from operating activities (on-going)	(2,202)	(2,595)
Result from assets disposed of and/or held for sale	0	0
Net result for the period	(2,202)	(2,595)
Attributable to:		
- Result pertaining to the parent company	(2,202)	(2,595)
- 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>	31 March 2014	31 March 2013
Result for the period	(2,202)	(2,595)
Total statement of comprehensive income result	(2,202)	(2,595)
Attributable to:		
<i>Shareholders of the parent company</i>	(2,202)	(2,595)
<i>Minority shareholders</i>	0	0
	(2,202)	(2,595)

5.3 Statement of financial position

<i>(EUR 000)</i>	31 March 2014	31 December 2013
<i>Non-current assets</i>		
Intangible assets	65,653	67,792
Property, plant and equipment	82,288	84,934
Other financial assets	10,757	10,713
	158,698	163,440
<i>Current assets</i>		
Inventories	949	744
Receivables from customers	45,593	45,213
Other receivables and other current assets	11,610	10,128
Other current financial assets	88	97
Cash and cash equivalents	5,139	3,112
	63,379	59,293
Assets held for sale	(0)	(0)
Total Assets	222,076	222,733
<i>Share Capital and reserves</i>		
Share Capital	92,023	92,023
Results from previous periods and Other reserves	(243,919)	(239,136)
Result pertaining to the Group	(2,202)	(4,782)
Group shareholders' equity	(154,098)	(151,896)
Minority interests	0	0
Shareholders' equity pertaining to minority shareholders	0	0
Total Shareholders' equity	(154,098)	(151,896)



<i>Non-current liabilities</i>		
Payables to banks and to other lenders	(0)	(0)
Payables for financial leases	53,708	53,742
Other non-current liabilities	999	3,346
Liabilities for pension obligations and staff severance indemnities	5,130	5,146
Provisions for risks and charges	1,862	1,863
	61,698	64,097
<i>Current liabilities</i>		
Payables to banks and other lenders	144,936	143,730
Payables for financial leases	4,387	4,208
Payables to suppliers	91,879	94,001
Other current liabilities	73,273	68,592
	314,476	310,531
Liabilities directly related to assets held for sale	(0)	(0)
Total Liabilities and Shareholders' equity	222,076	222,733

5.4 Cash flow statement (in abridged form)

	31 March 2014	31 March 2013
<i>(EUR 000)</i>		
Net result from operating activities (on-going)	(2,202)	(2,595)
FLOWS GENERATED BY OPERATIONS (inclusive of the Result)	8,304	10,689
FLOWS GENERATED BY INVESTMENT ACTIVITIES	(4,339)	(6,151)
FLOWS GENERATED BY FINANCING ACTIVITIES	(1,938)	(3,451)
NET INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	2,027	1,087
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	3,112	4,406
CASH AND CASH EQUIVALENTS AT THE END OF THE FIRST QUARTER OF THE YEAR	5,139	5,492



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 2013	92,023				(243,918)	(151,896)		(151,896)
Share capital increase Increases /(Decreases)								
Statement of comprehensive income result					(2,202)	(2,202)		(2,202)
As at 31 March 2014	92,023				(246,120)	(154,097)		(154,097)

	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 Restated*	92,020			(1,396)	(237,842)	(147,219)		(147,219)
Share capital increase Increases /(Decreases)								
Statement of comprehensive income result					(2,595)	(2,595)		(2,595)
As at 31 March 2013	92,020			(1,396)	(240,437)	(149,814)		(149,814)

(* The figures as at 31 December 2012 have been recalculated so as to assimilate the effect of the application, as from 1 January 2013 (retrospectively), of the new revised IAS 19 accounting standard (employee benefits); for further details please see the section "Form and content of the accounting statements" of the 2013 Annual Financial Report.

EXPLANATORY NOTES TO THE INTERIM REPORT ON OPERATIONS AS AT 31 MARCH 2014

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 statementsBasis of presentation and consolidation

This interim report on operations as at 31 March 2014 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 2013.

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 31 March 2014, have been applied consistently at the time of preparation of the consolidated financial statements as at 31 December 2013, 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 2013.

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Consolidation area

On 21 January 2014, the subsidiary Tiscali Financial Services SA acquired, at a price of EUR 1 for each share, the investment of the following German affiliated companies:

- Tiscali Deutschland GmbH;
- Tiscali Business GmbH;
- Tiscali Verwaltungs GmbH;
- Tiscali GmbH.

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 2014, please see the matters described in the explanatory notes to the Consolidated financial report as at 31 December 2013.

Revenues

<i>(EUR 000)</i>	31 March 2014	31 March 2013
Revenues	53,219	55,905

Revenues decreased with respect to the same period in 2013, (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

<i>(EUR 000)</i>	31 March 2014	31 March 2013
Purchase of materials and outsourced services	31,512	33,561
Payroll and related costs	8,729	8,978
Other operating costs	5	(294)

Costs for the purchase of materials and outsourced services (which includes line rental/traffic and interconnection), payroll and related costs decreased by more than 6% with respect to the figure for the same period last year.

Restructuring costs, provisions for risk reserves and write-downs

(EUR 000)	31 March 2014	31 March 2013
Write-downs of receivables from customers	2,493	3,186
Restructuring costs and other write-downs	18	1,821
Total	2,511	5,007

The provision for the write-down of receivables in the first three months of 2014 refers to the portion pertaining to the period, amounting to around 4.7% of sales revenue.

The item “restructuring costs and other write-downs” was essentially nil in the first quarter of 2014, while in the first quarter of 2013 this item included the restructuring charges relating to the refinancing/rescheduling of the senior debt, as well as the reorganisation/winding up charges of dormant companies.

Financial income and charges

Financial charges and the related trends are linked to the Group’s debt structure. The balance for the first three months, EUR 3.7 million, was up slightly with respect to that in the corresponding previous period totalling EUR 3.3 million.

Result from assets disposed of and/or held for sale

The “Result from operating assets disposed of and/or assets held for sale” presented a zero balance as at 31 March 2014.

Non-current assets

(EUR 000)	31 March 2014	31 December 2013
Intangible assets	65,653	67,792
Property, plant and equipment	82,288	84,934
Other financial assets	10,757	10,713
Total	158,698	163,440

Non-current assets include intangible fixed assets and tangible fixed assets (mainly property, plant and equipment) recorded with a total value at 31 March 2014 of EUR 147.9 million (EUR 152.7 million at 31 December 2013).

Non-current assets also include other financial assets totalling EUR 10.7 million (EUR 10.7 million as at 31 December 2013), which include guarantee deposits of EUR 6.9 million recorded for the Italian subsidiary Tiscali Italia S.p.A. relating to the “Sale and Leaseback” transaction on the Sa Illetta property and the value of the equity investment held by Tiscali Italia S.p.A. in Janna, amounting to EUR 2.1 million.

Current assets

(EUR 000)	31 March 2014	31 December 2013
Inventories	949	744
Receivables from customers	45,593	45,213
Other receivables and other current assets	11,610	10,128
Other current financial assets	88	97
Cash and cash equivalents	5,139	3,112
Total	63,379	59,293

Current assets mainly include "Receivables from customers", EUR 45.6 million at 31 March 2014, compared to a balance of EUR 45.2 million as at 31 December 2013.

Other receivables and other current assets, amounting to EUR 11.6 million, include accrued income and prepaid expense for service costs for EUR 10.8 million, advances to suppliers for EUR 0.4 million, amounts due from the tax authorities for EUR 0.1 million and other receivables for the remaining balance.

Non-current liabilities

(EUR 000)	31 March 2014	31 December 2013
Payables for financial leases	53,708	53,742
Other non-current liabilities	999	3,346
Liabilities for pension obligations and staff severance indemnities	5,130	5,146
Provisions for risks and charges	1,862	1,863
Total	61,698	64,097

Non-current liabilities at 31 March 2014 amounted in total to EUR 61.7 million (EUR 64.1 million at 31 December 2013).

Other non-current liabilities amounting to EUR 1 million as at 31 March 2014 (EUR 3.3 million as at 31 December 2013), essentially included amounts due to the associated company Janna for around EUR 1 million.

The balance of non-current liabilities also includes both the provisions for employee severance indemnities of the Italian companies (EUR 5.1 million as at 31 March 2014) and provisions for risks and charges (EUR 1.9 million).

Current liabilities

(EUR 000)	31 March 2014	31 December 2013
Payables to banks and other lenders	144,936	143,730
Payables for financial leases	4,387	4,208
Payables to suppliers	91,879	94,001
Other current liabilities	73,273	68,592
Total	314,476	310,531

Current liabilities amounted in total to EUR 314.5 million, compared with EUR 310.5 million at 31 December 2013.

The item "Payables to banks and to other lenders", totalling EUR 144.9 million (EUR 143.7 million as at 31 December 2013) mainly included the amount due to Senior Lenders, totalling EUR 133.5 million and the bank debt of Tiscali Italia S.p.A. and Tiscali S.p.A. for EUR 11.4 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 91.9 million as at 31 March 2014, compared with a balance of EUR 94 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 4.4 million, deferred income of EUR 39.2 million, payables due to employees for EUR 1.4 million, the balance of VAT payable for around EUR 15.5 million, amounts due to the tax authorities and to social security and welfare institutions for around EUR 7.1 million, IRAP payables for EUR 0.8 million and other payables totalling Euro 4.9 million.

Shareholders' equity


(EUR 000)	31 March 2014	31 December 2013
Share capital	92,023	92,023
Accumulated losses and other reserves	(243,919)	(239,136)
Result for the period	(2,202)	(4,782)
Total Shareholders' equity	(154,098)	(151,896)

Changes in the various shareholders' equity items are detailed in the relevant table. At 31 March 2014, the share capital amounted to EUR 92 million corresponding to 1,861,498,844 ordinary shares.

Segment reporting (by geographic area)

During 2013, the Company changed the logic used for the definition of operating segment for the purposes of segment reporting. The geographic area criteria was abandoned, and the approach based in the aggregation by business area and managerial responsibility was followed, as described in the section "Form and content of the accounting statements" in the Consolidated financial report as at 31 December 2013.

Segment reporting is presented on the basis of the following segments:

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- Italy (BTC and BTB connectivity);
- Vevisible (Media & Advertising);
- Other countries;
- Corporate.

The income statement and statement of financial position figures relating to 2014 (and 2013) have been re-aggregated following the new logic implemented in 2013.

31 March 2014 (EUR 000)	Italy	Vevisible	Other	Corporate	HFS/ Discontinued	Cancellation adjustments	Total
Revenues							
From third parties	48,296	4,907	-	17	-	-	53,219
Intra-group	1,471	466	-	1,070	-	(3,007)	-
Total revenues	49,767	5,373	-	1,086	-	(3,007)	53,219
Operating result	1,576	96	(12)	241	-	()	1,900
Portion of results of equity inv. carried at equity							-
Net financial income (charges)							(3,708)
Pre-tax result							(1,808)
Income taxes							(394)
Net result from operating activities (on-going)							(2,202)
Result from assets disposed of and/or held for sale							-
Net result							(2,202)
31 March 2013 (EUR 000)	Italy	Vevisible	Other	Corporate	HFS/ Discontinued	Cancellation adjustments	Total
Revenues							
From third parties	51,010	4,873	-	22	-	-	55,905
Intra-group	1,546	288	-	1,070	-	(2,904)	-
Total revenues	52,556	5,161	-	1,091	-	(2,904)	55,905
Operating result	1,876	(192)	(171)	(454)	-	-	1,059
Portion of results of equity inv. carried at equity							-
Net financial income (charges)							(3,260)
Pre-tax result							(2,201)
Income taxes							(393)
Net result from operating activities (on-going)							(2,595)
Result from assets disposed of and/or held for sale							-
Net result							(2,595)

The Parent Company's statement of financial position

The separate financial statements of Tiscali Spa as at 31 December 2013 disclose a loss of EUR 777,711 and shareholders' equity of EUR 61,100,900 compared with share capital of EUR 92,022,779, therefore the case envisaged by Article 2446 of the Italian Civil Code applies.


The separate financial statements of Tiscali Spa as at 31 March 2014 disclose a profit of EUR 546,806, which reduced the accumulated losses and other reserves to EUR 30,375,073. The shareholders' equity is thus increased to EUR 61,647,758.

The afore-mentioned case, existing as at 31 December 2013 (when the accumulated losses and other reserves were higher by more than a third of the share capital), therefore was overcome as at 31 March 2014, consequently the conditions for having to satisfy the fulfilments envisaged in this circumstance no longer exist.

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 31 December 2013.


Furthermore, it is also hereby specified that, as indicated in the identical section of the consolidated financial report as at 31 December 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 31 March 2014 corresponds to the documentary results, books and accounting records.



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

Pasquale Lionetti

7 Attachment - 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 used 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.

<i>Narrowband</i>	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.
<i>OLO</i>	Acronym for Other Licensed Operators, operators other than the dominant one that operate in a national telecommunications services market.
<i>Opex</i>	Acronym for Operating Expenses which are direct and indirect costs that are recoded in the income statement.
<i>Pay-Per-View</i>	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.
<i>Pay TV</i>	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.
<i>Platform</i>	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).
<i>POP</i>	Acronym for Point of Presence, a site at which telecommunications apparatus is installed and that forms a node on the network.
<i>Portal</i>	Website that forms a point of departure or an entry point for a major group of Internet resources or an Intranet.
<i>Router</i>	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.
<i>Service Provider</i>	Party that provides end users and content providers with a range of service, including that of an owned, leased or third party service centre.
<i>Server</i>	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 VoIP 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.