

## Consolidated financial report as at 30 September 2015

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Issue date: 30 September 2015

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**TISCALI S.P.A.**

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

Share Capital EUR 92,052,029.67

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


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1 Highlights

Income statement	30 September 2015	30 September 2014
<i>(EUR mln)</i>		
· Revenues	153.2	158.8
· Adjusted Gross Operating Result (EBITDA)	47.7	37.1
· Gross Operating Result (EBITDA)	33.8	30.1
· Operating result	6.9	2.2
Statement of financial position	30 September 2015	31 December 2014
<i>(EUR mln)</i>		
· Total assets	205.0	207.9
· Net Financial Debt	(182.4)	(192.6)
· Net Financial Debt as per Consob	(189.7)	(199.5)
· Shareholders' equity	(174.8)	(168.8)
· Investments	24.3	20.8
Operating figures	30 September 2015	30 September 2014
<i>(000)</i>		
<b>Total Customers</b>	<b>573.1</b>	<b>576.9</b>
<i>of which: ADSL</i>	449.8	483.8
<i>of which MOBILE (Voice and Data)</i>	113.7	78.9
<i>of which OTHER</i>	9.7	14.2
<i>(* of which Voip (Dual Play)</i>	348.5	360.7

## 2 Alternative performance indicators

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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

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#### 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

Rita Casu

Andrea Zini

##### Alternate Auditors

Piero Maccioni

Valeria Secchi

#### 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 2015

4 Quarterly Report as at 30 September 2015

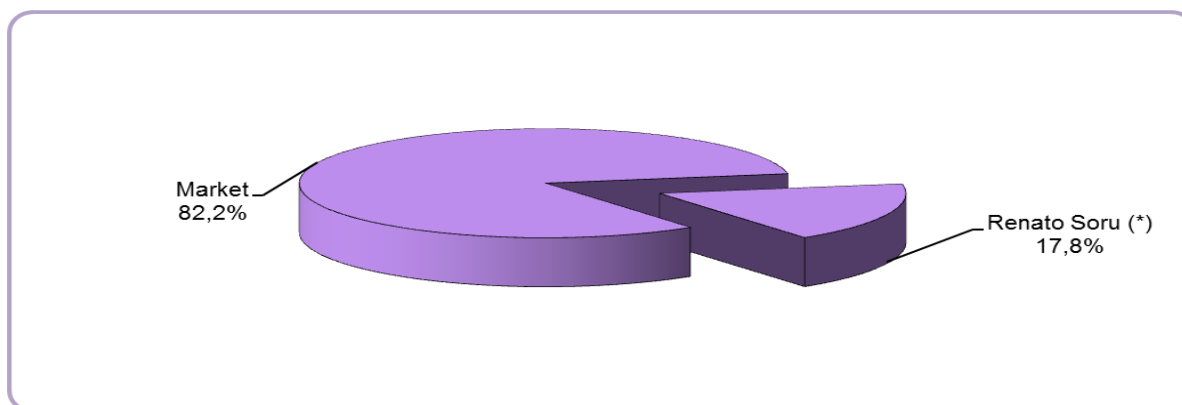
4.1 Tiscali shares

Tiscali shares have been listed on the Italian Stock market (Milan: TIS) since October 1999. As at 30 September 2015, market capitalisation came to around EUR 97 million, calculated on the value of EUR 0.0521 per share as at that date.

As at 30 September 2015, the number of shares representing the Group's share capital amounted to 1,861,535,343.

Tiscali's shareholder base as at 30 September 2015 is illustrated below.

Fig. 1 Tiscali shares



Source: Tiscali

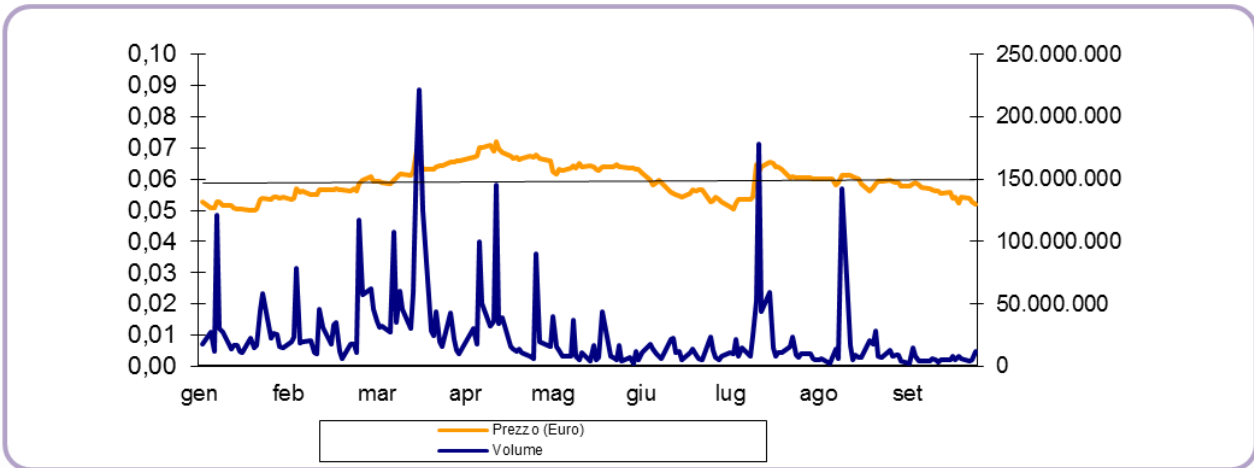
(\*) Directly for around 15% and, indirectly through the investee companies Monteverdi Srl (0.9%), Cuccureddus Srl (1.8%) and Andalus Ltd (0.1%).

Share capital structure as at 30 September 2015

SHARE CAPITAL STRUCTURE		
	No. of shares	As % of share capital
Ordinary shares	1,861,535,343	100%

The graph below illustrates Tiscali's share trend during the first nine months of 2015, characterised by sustained trading volumes, particularly in the month of March and July.

**Fig. 4.2 - Tiscali's share price performance during the first nine months of 2015**



Source: Bloomberg data processing

The average monthly price in the first nine months stood at EUR 0.059. The maximum price for the period was EUR 0.0719, while the minimum came to EUR 0.05. Trading volumes stood at a daily average of about 24.9 million items, with a daily average trade value of EUR 1.5 million.

**Average Tiscali stock trading on the Italian Stock Exchange in the first nine months of 2015**

	Price (EUR)	No. of shares
January	0.052	27,217,956
February	0.056	30,335,421
March	0.062	58,710,939
April	0.068	34,997,383
May	0.064	14,116,320
June	0.058	11,282,704
July	0.058	24,583,213
August	0.060	16,516,420
September	0.056	6,553,217
<b>Average</b>	<b>0.059</b>	<b>24,923,730</b>

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.

In order to respond to competitive pressure and the growing bandwidth demand from the market, in July 2015 Tiscali launched an ultra-broadband offer using FTTC technology for the Customer and Soho segment, and will soon launch the FTTH technology solution by availing of the Telecom Italia Virtual Unbundling Local access range.

**Economic position***(EUR mln)*

	30 September 2015	30 September 2014	Change
<b>CONSOLIDATED INCOME STATEMENT</b>			
Revenues	153.2	158.8	(5.6)
Other income	14.6	1.6	13.0
Purchase of materials and outsourced services	98.8	98.8	(0.1)
Payroll and related costs	26.3	25.5	0.8
Other operating costs / (income)	(4.9)	(1.0)	(3.9)
<b>Adjusted Gross Operating Result (EBITDA)</b>	<b>47.7</b>	<b>37.1</b>	<b>10.6</b>
Write-downs of receivables from customers	13.8	7.0	6.9
<b>Gross Operating Result (EBITDA)</b>	<b>33.8</b>	<b>30.1</b>	<b>3.7</b>
Restructuring costs, provisions for risk reserves and write-downs	0.5	0.6	(0.1)
Amortisation/depreciation	26.4	27.4	(1.0)
<b>Operating result (EBIT)</b>	<b>6.9</b>	<b>2.2</b>	<b>4.7</b>
Net financial income (charges)	(12.7)	(11.0)	(1.7)
<b>Pre-tax result</b>	<b>(5.8)</b>	<b>(8.9)</b>	<b>3.1</b>
Income taxes	(0.3)	(0.6)	0.3
<b>Net result from operating activities (on-going)</b>	<b>(6.1)</b>	<b>(9.5)</b>	<b>3.4</b>
Result from assets disposed of and/or destined for disposal	0.0	0.0	0.0
Net result	(6.1)	(9.5)	3.4
Minority interests	0.0	0.0	0.0
<b>Group Net Result</b>	<b>(6.1)</b>	<b>(9.5)</b>	<b>3.4</b>

Tiscali Group revenues during the first nine months of 2015 came to EUR 153.2 million, down with respect to the balance of EUR 158.8 million recorded in the first nine months of 2014. The revenue mix by business line changed, as described below:

- decrease of EUR 0.7 million (-0.6%) in revenues of the “Access, VOIP and MVNO” segment, due to heavy competitive pressure and the loss of ADSL customers (-7%), mainly as a result of the mass disconnections of around 14.6 thousand units. However, the MVNO segment reported an increase of 72.9%, passing from EUR 3.8 million in the first nine months of 2014 to EUR 6.6 million in the first nine months of 2015, thanks to the significant increase in active and operating SIMs, compared to the corresponding period in the previous year;
- decrease in BTB revenues with respect to the corresponding figure recorded in the first nine months of 2014 (-5.8%);
- analogue Voice revenues decreased by EUR 2.6 million (drop of 23.3%) mainly due to the reduction in the volume of wholesale services for EUR 2 million;
- Media revenues dropped by EUR 0.8 million (-5.2%).

During the first nine months of 2015, internet access and voice services – the Group’s core business – represented around 80% of turnover.

Other income primarily includes the compensation recognised by a leading telecommunications operator active in the Italian market, in the form of the definitive waiving of claims made by the company against the latter entity, as part of a settlement agreement reached in the half. This income was classified as non-recurring.

Costs for purchases of materials and services, totalling EUR 98.8 million, were in line with the figure reported in the same period last year.

The adjusted Gross Operating Result (EBITDA) before provisions, totalling EUR 47.7 million (31.1% of revenues), was up 28.5% when compared with the EBITDA of EUR 37.1 million reported as at 30 September 2014. The gross operating result (EBITDA) was affected mainly by the positive impact, amounting to EUR 13.8 million, deriving from non-recurring transactions concluded in the period.

The net operating result (EBIT) for the first nine months of the year, net of provisions, write-downs and restructuring costs, was positive for EUR 6.9 million, up with respect to the positive comparable balance of EUR 2.2 million recorded in 2014.

The result from operating activities (on-going), a loss of EUR 6.1 million, improved with respect to the same figure in the first nine months of the previous year, presenting a negative balance of EUR 9.5 million.

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

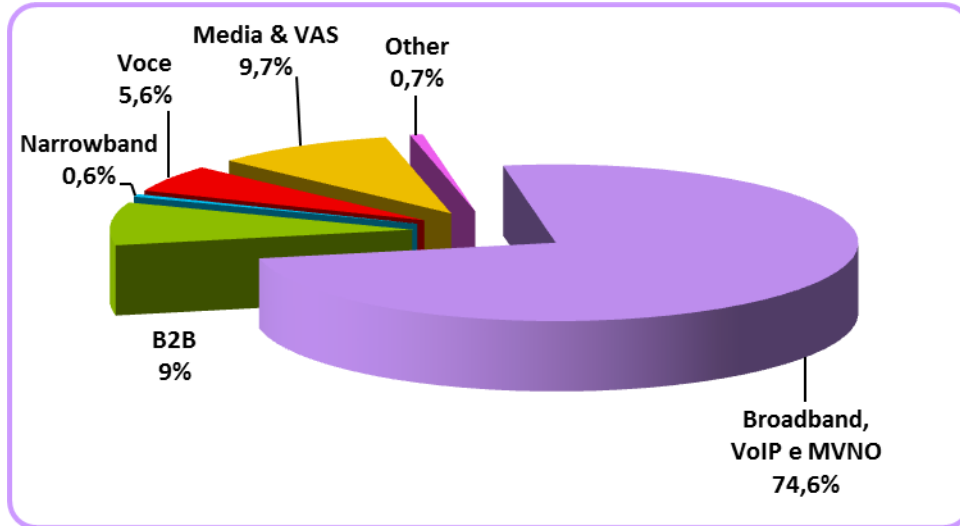
The Group’s net result was a loss of EUR 6.1 million, an improvement with respect to the comparable figure in the first nine months of the previous year, a loss of EUR 9.5 million. The group’s net result was affected mainly by the positive impact, amounting to EUR 13.8 million, deriving from non-recurring transactions concluded in the period.

**Operational income statement - Group**

(EUR mln)	30 September 2015	30 September 2014
<b>Revenues</b>	<b>153.2</b>	<b>158.8</b>
Access revenues (including VoIP)	114.3	115.0
<i>of which: ADSL</i>	63.5	65.6
<i>of which VOIP</i>	44.2	45.6
<i>of which MVNO</i>	6.6	3.8
Dial-Up revenues (narrowband)	0.8	1.1
Voice revenues	8.6	11.2
Business service revenues	13.6	14.4
Media and value added service revenues	14.9	15.7
Other revenues	1.1	1.5
<b>Gross operating margin</b>	<b>70.4</b>	<b>77.5</b>
<b>Indirect operating costs</b>	<b>42.3</b>	<b>43.1</b>
Marketing and sales	6.3	6.6
Payroll and related costs	26.3	25.5
Other indirect costs	9.7	11.0
Other (income) / expense	(19.6)	(2.6)
<b>Adjusted Gross Operating Result (EBITDA)</b>	<b>47.7</b>	<b>37.1</b>
Write-down of receivables	13.8	7.0
<b>Gross Operating Result (EBITDA)</b>	<b>33.8</b>	<b>30.1</b>
Amortisation/depreciation	26.4	27.4
<b>Gross result (EBIT) before restructuring costs and provisions for risks</b>	<b>7.4</b>	<b>2.7</b>
<b>Operating result (EBIT)</b>	<b>6.9</b>	<b>2.2</b>
<b>Group Net Result</b>	<b>(6.1)</b>	<b>(9.5)</b>

Revenues by business segment

Pie chart 4.5 - Breakdown of revenues by business line and access mode<sup>1</sup>



Source: Tiscali

Access

The segment in question, which includes revenues from Internet access services via broadband (ADSL), the flat component of the bundled ranges (access fees) and mobile telephone revenues, generated revenues of around EUR 114.3 million in the first nine months of 2015, down by 0.6% with respect to the figure in the same period in 2014 (EUR 115 million). The decrease in revenues was mitigated by the MVNO segment, which recorded growth of 72.9%, up from EUR 3.8 million in the first nine months of 2014 to EUR 6.6 million in the first nine months of 2015, thanks to the significant increase in active and operating SIMs as at 30 September 2015 (+44%).

A slight drop was also recorded by the VOIP segment (EUR 44.2 million as at 30 September 2015, compared to EUR 45.6 million as at 30 September 2014), while revenues from ADSL access services fell by 3.2% (down from EUR 65.6 million as at 30 September 2014 to EUR 63.5 million as at 30 September 2015).

As at 30 September 2015, Total Active Customers totalled 573.1 thousand, a decrease of 3.8 thousand with respect to the comparable figure as at 30 September 2014 (576.9 thousand), of which ADSL customers for 449.8 thousand, down by around 34 thousand, MOBILE customers for 113.7 thousand, up considerably (+34.7 thousand) compared to the comparable figure as at 30 September 2014 and OTHER customers for 9.7 thousand.

The reduction in direct ADSL customers compared to the comparable figure in the corresponding period of 2014 is partly attributable to the mass termination due to default of around 14.6 thousand customers carried out by the company in the first nine months of 2015.

<sup>1</sup> The pie chart shows a breakdown by business segment which classifies dual play revenues with Broadband.

Evolution of the customer base

(000)	30 September 2015	30 September 2014
<b>Total Customers</b>	<b>573.1</b>	<b>576.9</b>
<i>of which ADSL (*)</i>	<i>449.8</i>	<i>483.8</i>
<i>of which MOBILE (Voice and Data)</i>	<i>113.7</i>	<i>78.9</i>
<i>of which OTHER</i>	<i>9.7</i>	<i>14.2</i>
<i>(*) of which Voip (Dual Play)</i>	<i>348.5</i>	<i>360.7</i>

The unbundling network coverage as at 30 September 2015 amounted to 688 sites.

Since 20 July 2015, the Company - via compliance with the Telecom Italia Virtual Unbundling Local Access offer - launched the FTTC (Fiber To The Cabinet) technology ultra broadband ranges for the Consumer and Soho market. The Company will shortly introduce Fiber To the Home technology ranges.

In detail, by means of the FTTC technology, Fiber optic network reaches the street Cabinet while the final portion of the connection with the customer is on a copper line currently reaching maximum speed profiles of up to 50 Mbps in download and 10 Mbps in upload. By means of the FTTH technology, the Fiber optic network reaches the end customer with higher performances, 100 Mbps in download and 10 Mbps in upload.

Tiscali has complied with the VULA offer in the Unbundling exchanges where it is located and the roll out plan envisages coverage of a total of 536 sites out of 688, the majority with FTTC technology since the FTTH technology is essentially limited to the Milan metropolitan area.

On a consistent basis with the value-for-money type positioning, the offer envisages a basic speed of up to 50 Mbps and therefore greater than the 30 Mbps offered by the competitors, technology being equal, and a dual play product which includes not only access to Internet but also unlimited calls to land lines and Italian cell phone numbers.

A commercial agreement with Infinity, the Video On Demand Streaming contents service of the Mediaset Group, specialised in content such as films, TV series, and children's programmes, supplements the proposal in line with the market strategies for integration between access services and contents.

Narrowband

The Narrowband segment reported revenues for EUR 0.8 million as at 30 September 2015, disclosing a natural reduction with respect to the first nine months of 2014, equating to EUR 1 million.

Voice

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

During the first nine months of 2015, there was a decrease in revenues relating to voice services of 23.3%, dropping from EUR 11.2 million as at 30 September 2014 to EUR 8.6 million as at 30 September 2015.

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 2015 to EUR 13.6 million, down 5.8% with respect to the corresponding balance as at 30 September 2014 (EUR 14.4 million).

#### Media

During the first nine months of 2015, revenues for the Media and value added services segment (mainly concerning sales of advertising space) amounted to around EUR 14.9 million and were down with respect to the same period in the previous year (EUR 15.7 million).

The decrease is primarily linked to the fall recorded by the on-line advertising segment which, bucking the trend observed in the recent past, suffered from the effects of the recessionary macroeconomic context and the reduction in advertising investments by advertisers.

**Indirect operating costs** during the first nine months of 2015 came to EUR 42.3 million (27.6% of revenues), down slightly with respect to 30 September 2014 amounting to EUR 43.1 million (27.1% of revenues).

Within indirect operating costs, **payroll and related costs** amounted to EUR 26.3 million (17.2% of revenues), up with respect to the same previous period (EUR 25.5 million, 16.1% of revenues). The increase in payroll and related costs is attributable to lower use of the solidarity contract and lower capitalisations of expenses on OTT and other projects.

The **Adjusted gross operating result (EBITDA)**, before provisions for risks, write-downs, depreciation and amortisation, was EUR 47.7 million (31.1% of revenues) as at 30 September 2015, an increase of 28.5% compared to the EUR 37.1 million as at 30 September 2014 (23.4% of revenues).

The **Gross operating result (EBITDA)**, net of write-downs of receivables and other provisions came to EUR 33.8 million in the first nine months of 2015 (22.1% of revenues), an increase of 12.3% on the comparable figure in the previous period of 2014 (EUR 30.1 million, 19% of revenues). The gross operating result (EBITDA) was affected mainly by the positive impact, amounting to EUR 13.8 million, deriving from non-recurring transactions concluded in the period.

The **provision for the write-down of receivables** amounted to EUR 13.8 million, an increase of 98.5% over the corresponding period of 2014, totalling EUR 7 million. The increase was mainly attributable to a number of write-offs of credit positions deriving from a settlement agreement reached by the Company in the period for a value of around EUR 5.1 million.

**Amortisation/depreciation** in the first nine months of 2015 came to EUR 26.4 million (EUR 27.4 million in the same period of 2014).

The **Operating result (EBIT)** for the first nine months of 2015, net of provisions, write-downs and restructuring costs, was a positive balance of EUR 6.9 million (4.5% of revenues), with respect to the comparable balance for 2014, a profit of EUR 2.2 million (1.4% of revenues).

The **result from operating activities (on-going)**, a loss of EUR 6.1 million as at 30 September 2015, improved with respect to the same balance in the previous period, negative for EUR 9.5 million.

The **Group's net result** was a loss of EUR 6.1 million, compared with a loss in the first nine months of 2014 of EUR 9.5 million. As already mentioned, the group's net result was affected mainly by the positive impact, amounting to EUR 13.8 million, deriving from non-recurring transactions concluded in the period.

## Equity and financial position

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in abridged form)</b> (EUR mln)	<b>30 September 2015</b>	<b>31 December 2014</b>
Non-current assets	145.7	147.9
Current assets	59.3	60.1
<b>Total Assets</b>	<b>205.0</b>	<b>207.9</b>
Group shareholders' equity	(174.8)	(168.8)
Shareholders' equity pertaining to minority shareholders	0.0	0.0
<b>Total Shareholders' equity</b>	<b>(174.8)</b>	<b>(168.8)</b>
Non-current liabilities	132.8	137.0
Current liabilities	247.0	239.8
<b>Total Liabilities and Shareholders' equity</b>	<b>205.0</b>	<b>207.9</b>

**Assets**Non-current assets

Non-current assets as at 30 September 2015, amounted in total to EUR 145.7 million and were down with respect to the closing balance as at 31 December 2014 (EUR 147.9 million).

In the first nine months of 2015, investments of around EUR 24.3 million were made, relating mainly to the extension and development of the network, of IT services and the connection and activation of new ADSL customers, plus the purchase of equipment for the new OTT projects.

Current assets

Current assets as at 30 September 2015, amounted in total to EUR 59.3 million, down with respect to 31 December 2014 (EUR 60.1 million). Receivables from customers as at 30 September 2015 amounted in total to EUR 32.4 million, compared with EUR 43.5 million as at 31 December 2014. Other receivables and other current assets, amounting to EUR 14.5 million, include accrued income on access services provided, prepaid expense for service costs and sundry receivables.



**Liabilities**Non-current liabilities

Non-current liabilities as at 30 September 2015 amounted in total to EUR 132.8 million, compared with EUR 137 million as at 31 December 2014. 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 1.3 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 247 million as at 30 September 2015 (compared with EUR 239.8 million as at 31 December 2014) 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. Past due VAT payables, included under current liabilities, amounted to roughly EUR 14.6 million. VAT payables not yet due amounted to roughly EUR 2.7 million.

**Financial position**

As at 30 September 2015, the Tiscali Group held cash, cash equivalents and bank deposits totalling EUR 4.9 million, against net financial debt, at the same date, of EUR 182.4 million (EUR 192.6 million as at 31 December 2014).

<i>(EUR mln)</i>	Notes	30 September 2015	31 December 2014
A. Cash and Bank deposits		4.9	4.8
B. Other cash equivalents		0.0	0.0
C. Securities held for trading		-	-
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>		<b>4.9</b>	<b>4.8</b>
<b>E. Current financial receivables</b>	(1)	<b>6.1</b>	<b>0.1</b>
F. Non-current financial receivables	(2)	7.3	6.9
G. Current bank payables	(3)	16.0	12.5
H. Current portion of non-current debt	(4)	52.5	52.8
I. Other current financial payables	(5)	8.9	10.6
<b>J. Current financial debt (G) + (H) + (I)</b>		<b>77.4</b>	<b>75.9</b>
<b>K. Net current financial debt (J) – (E) – (D) – (F)</b>		<b>59.0</b>	<b>64.1</b>
L. Non-current bank payables	(6)	72.2	80.5
M. Bonds issued		-	-
N. Other non-current payables	(7)	51.2	48.0
<b>O. Non-current financial debt (N) + (L) + (M)</b>		<b>123.4</b>	<b>128.5</b>
<b>P. Net Financial Debt (K) + (O)</b>		<b>182.4</b>	<b>192.6</b>



## Notes:

- (1) Includes the amounts of the guarantee deposit relating to the "Sale and Lease Back Sa Illetta" debt for EUR 6.1 million;
- (2) Mainly includes the deposit pledged as guarantee relating to the CONSIP Tender.
- (3) Includes the bank payables of Tiscali Italia S.p.A., Tiscali S.p.A. and Vevisible S.r.l..
- (4) Includes the short-term component equal to EUR 52.5 million relating to payables to Senior Lenders (principal and interest portions repayable within 12 months).
- (5) Essentially includes the short-term portion of the Sale and Lease Back – Sa Illetta payable.
- (6) Includes the long-term component equal to EUR 72.2 million relating to payables to Senior Lenders.
- (7) Essentially includes the long-term portion of the Sale and Lease Back – Sa Illetta payable.

The above table includes guarantee deposits under non-current financial receivables.

On 11 May 2015, following the definitive awarding of the CONSIP Tender concerning the Public Connectivity System (SPC), the company established a deposit as guarantee at a bank amounting to EUR 6,480,000 to service the surety required by said tender procedure.

This amount was therefore reclassified from cash and cash equivalents to non-current financial receivables.

In addition, in June 2015, as a result of the restructuring of the Sa Illetta Sale & Lease Back agreement, the guarantee deposit relating to said agreement (amounting to EUR 6.1 million), was reclassified from non-current financial receivables to current financial receivables, given that at the time of conclusion of the agreement, as envisaged under the agreements reached with the companies in the leasing pool (in this connection please refer to the sections "Events subsequent to the end of the first nine months of 2015"), the deposit in question will be used to reduce the debt exposure.


For completeness, the table below provides a reconciliation of the above financial position with the same statement prepared in accordance with Consob communication No. DEM/6064293 dated 28 July 2006 indicated in the explanatory notes:

<i>(EUR mln)</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Consolidated net financial debt</b>	<b>182.4</b>	<b>192.6</b>
Other cash equivalents and non-current financial receivables	7.3	6.9
<b>Consolidated net financial debt prepared on the basis of Consob communication No. DEM/6064293 dated 28 July 2006</b>	<b>189.7</b>	<b>199.5</b>

### 4.3 Significant events during the first nine months of 2015

#### Authorisation granted by Tiscali's shareholders' meeting to the Board of Directors for the Share Capital Increase

In accordance with the financial debt Restructuring Agreements pursuant to the Group Facilities Agreement – GFA – signed on 23 December 2014 (the "Restructuring Agreements") and the SEF Agreement, signed

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with Société Générale on 24 December 2014 (define hereunder), on 30 January 2015, Tiscali's extraordinary shareholders' meeting granted the Company's Board of Directors authority to increase the share capital, in tranches, by means of the issue of a maximum of 1,000,000,000 ordinary shares of the Company with exclusion of the purchase option pursuant to Article 2441.5 of the Italian Civil Code ("Share capital increase").

#### Approval of the Share Capital Increase by Tiscali's Board of Directors

On 16 February 2015, Tiscali's Board of Directors approved the Share Capital Increase transaction reserved for Société Générale in accordance with the SEF Agreement.

#### Restructuring of the Leasing Agreement regarding the Sa Illetta property

On 22 December 2014, at the time of definition of the Restructuring Agreements, Tiscali Italia accepted the offer from a leading Italian real estate fund - Fondo Castello SGR - relating to the transfer of the Leasing Agreement regarding the Sa Illetta property, the Group's headquarters (the "Leasing Agreement"). The finalisation of the transfer of the Leasing Agreement was subject to certain conditions precedent being met by 31 March 2015.

On 30 March 2015, the Fondo Castello SGR requested an extension of a further 3 months with respect to the term initially set of 31 March 2015, in order to satisfy the conditions precedent. Tiscali declared itself willing to grant this extension.

However, in June 2015, the Company acknowledged that, as a result of the non-verification of one of the conditions precedent contained in the offer received from Castello SGR, the planned transfer of the Leasing Agreement could not be completed, and, therefore, it took steps to restructure said Leasing Agreement with the pool of leasing companies (in this connection please refer to the specific section "*Events subsequent to the end of the first nine months of 2015*").

#### Payment of interest and principal on the Senior Loan

On 31 March 2015, EUR 5 million of the debt was repaid according to the Restructuring Agreements (hereinafter also "Senior Loan"), reclassified under short-term financial liabilities, along with the payment of the interest on the principal for EUR 2.7 million. In addition, on the same date, around EUR 0.2 million in previous interest was paid, relating to the previous GFA loan agreement restructured on 23 December 2014.

On 30 September 2015, an additional EUR 5 million of the Senior Loan was repaid, stated under short-term financial liabilities, along with the payment of the interest on the principal for EUR 5 million.


#### Tiscali launches Streamago Social

In the first week of April, Tiscali unveiled Streamago Social, the iOS app which, for the first time ever, allows users to transmit video and audio directly on their Facebook profiles and pages, hence an app for enriching social communication with a new powerful live broadcasting tool.

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

On 28 April, Tiscali received, from Consip S.p.A. (hereinafter "Consip" or "CONSIP"), the definitive award of the tender for the assignment of connectivity services of the Public Administration Authorities as part of the Public Connectivity System - SPC - ("CONSIP Tender"). After having presented the most advantageous offer, as decreed by Consip itself in May 2014, the bid presented by Tiscali successfully passed all economic and technical adequacy checks (as confirmed by various communications received from Consip on 24 December 2014, 17 February 2015 and 16 April 2015), confirming its position at the top of the standings drawn up by Consip.

The company expects to start the test phase in December 2015.

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During May 2015, Tiscali finalised the activities connected with obtaining the security deposits, for an amount of EUR 10.8 million (on 11 May 2015), needed for the stipulation of the contract, took out insurance coverage for civil liability (on 10 May 2015) and sent CONSIP a declaration certifying the details of the current account dedicated to the contract (on 4 May 2015);

On 11 September 2015, upon Consip's the specific request, Tiscali forwarded Consip the technical documentation relating to the services which will be provided, as well as the detailed specifications of the tests and inspections, data security policy.

Tiscali is now awaiting the appointment of the test and inspection commission by Agid. This commission shall have the task of analysing the copious documentation produced and of requesting any amendments/additions before passing on to the operating stage, envisaged for 1 December 2015.

The drawing up of the final contract is envisaged for the first few months of 2016.

Furthermore, it is hereby indicated that as is the norm for these types of tender, a number of appeals were submitted to the Lazio Regional Administrative Court. Said Court decided to defer the decision on the merit of the appeals presented by the competitors until 13 January 2016. Tiscali is currently in talks with CONSIP and AgID (Agency for Digital Italy) to define the testing plan for the services involved in the agreement.

The shareholders' meeting approves the 2014 financial statements

On 30 April 2015, Tiscali S.p.A.'s ordinary shareholders' meeting, held in Cagliari on single call, approved the 2014 financial statements.

Confirmation of the independent requirements of the directors Assunta Brizio and Franco Grimaldi

On 15 May 2015, Tiscali's Board of Directors deemed Directors Brizio and Grimaldi to be independent, based on the parameters and application criteria recommended by the Code of Conduct, to which Tiscali adheres. The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members.

Incorporation of the company Streamago Inc.

On 8 July 2015, the company "Streamago Inc" was incorporated, with registered office in Dover, in the state of Delaware (USA). The company's purpose is the technological and commercial development and promotion of the Streamago service.

Tiscali-Mediaset agreement for the on-line broadcasting of TV content

On 14 July 2015, Tiscali and Mediaset signed an agreement for the broadcasting of videos of the broadcasting company on the Tiscali.it and Istella.it portals. Mediaset will make a selection of the best entertainment programmes, fiction series and Videomediaset.it. news available in embedded form. The broadcast contents will be indexed by the Istella search engine and will enhance the range of multimedia contents of the Tiscali.it portal. The concessionary agent Mediamond (Publitalia Group) will see to the advertising revenues for the pre-roll and post-roll formats in the videos covered by the agreement, while the Tiscali concessionary agent, Veesible, will remain responsible for the general revenues of the two portals, Tiscali.it and Istella.it.

Preliminary non-binding agreement for a business combination transaction with Aria S.p.A.

On 19 March 2015, a non-binding memorandum of understanding was signed for a business combination transaction with Aria S.p.A. (hereinafter also "Aria").

Aria is a company operating throughout Italy in the provision of broadband connectivity services and holds a licence for 40MHz of spectrum on the 3.5Ghz technology neutral frequency, which permits the provision of LTE services in Fixed Wireless Access mode with capacities of greater than 50MB/s.

Merger between the Tiscali and Aria Groups

On 15 July 2015, Tiscali’s Board of Directors assigned the Chairman the mandate to sign the definitive agreement targeted at the company’s merger with the Aria Group, signed on 16 July 2015 (‘Merger Agreement’).

The transaction will make it possible to reinforce Tiscali’s industrial and financial position, consolidating its coverage of the Consumer and Business customer segments in the field of broadband access from the fixed and mobile networks, and creating a sole operator on the Italian market capable of offering ultra-broadband access services throughout Italy thanks to the combination of the two network infrastructures.

The proposed integration will be implemented through the merger via incorporation by Tiscali of a newco Aria Italia S.p.A., whose statement of financial position assets will be composed of: i) an equity investment representing the entire share capital of Aria following the transfer carried out on 24 August 2015 forming the subject matter of the appraisal report as per Article 2343 *ter* of the Italian Civil Code, for a value of EUR 34,574,360.54, ii) cash and cash equivalents of around EUR 42.4 million which will be contributed to the subscription of a share capital increase, for the same amount, which was resolved by said Aria Italia S.p.A. on 7 September 2015, by the investment fund Otkritie Disciplined Equity Fund (“ODEF”), forming part of the Russian financial group Otkritie Holding, a financial partner in the transaction (this payment subscribing to the afore-mentioned share capital increase was carried out on 17 September 2015).

The Merger Agreement envisages that: i) Aria, at the date of effectiveness of the merger, will have bank debt of around EUR 5 million and a subordinated convertible loan of EUR 15 million that Tiscali will have the right to reimburse on maturity (31 March 2018) with newly issued Tiscali shares; ii) the cash paid to Aria Italia S.p.A. on 17 September 2015 will be made available to Tiscali to repay the portion of the Senior Loan expiring in November 2015 for an amount of around EUR 42.4 million, as per the Restructuring Agreements signed in December 2014 (so-called Facility A1).

As a result of the transaction, the current shareholders of Aria will hold a total stake of around 18% of the combined entity, and roughly another 22% will be held by ODEF (a related party of Aria), for total newly issued shares equating to 40.81% of the combined entity.

Based on the Tiscali valuation at the average price in the last six months (around 6 cents) the total value of the transaction comes to around EUR 77 million; net of the contribution of new cash, that equates to a value of EUR 34.5 million for the entire share capital of Aria.

The huge business value of the project lies, in particular, in the possibility of a future integration of Tiscali’s widespread fibre optic transportation infrastructure with Aria’s high capacity wireless access network; in the future, the new Tiscali Group is expected to be able to efficiently provide high quality Fixed Wireless Access connectivity services via its proprietary network, with capacities exceeding 50MB/s and also with the prospect for extremely high capacity Mobile Data services.

The new Tiscali Group will market the products of both Groups under the Tiscali brand and will be able to boast a customer base of more than 700 thousand users throughout Italy. In addition, as a result of the transaction, synergies and savings are forecast amounting to around EUR 10 million starting from 2016, thanks to network integration, the combination of access technologies and savings of general and administrative costs. In addition, the combination of the assets of the two companies may allow considerable sales development on the ultra-broadband services market, with a particular focus on the digital divide areas.

As regards the governance of the new Tiscali Group, based on the shareholders’ agreements that will be signed between the shareholders, Renato Soru will retain the office of Executive Chairman, while Riccardo Ruggiero, the current Chief Executive Officer of Aria, will hold the office of Chief Executive Officer and the

remaining members of the Board of Directors will be appointed by the shareholders on the basis of the equity investments held following the merger. No further shareholders' agreements are envisaged.

The merger, which is expected to be completed by the end of November, makes provision not only for the necessary shareholders' meeting resolutions, preceded by the obligations set forth by law, but the satisfaction of certain conditions according to market practice, including the obtainment of ministerial authorisations for the transfer of licences and ownership of the frequencies currently held by the Aria Group and the consent of the Senior Lenders in accordance with the Agreements to Restructure the Tiscali Group's debt signed in December 2014.

Lastly, it should be noted that, in consideration of the fact that the reimbursement of Facility A1 expiring at the end of November 2015 will be made using the cash and cash equivalents supplied by ODEF as part of the Merger Agreement, the company will evaluate, also on the basis of market conditions, whether and to what extent, to avail itself of the right to carry out the share capital increase resolved on 16 February 2015 through the "SEF – Standby Equity Facility" signed on 24 December 2014.

#### Approval of the project for the merger via incorporation of Aria Italia S.p.A. in Tiscali S.p.A.

On 29 September 2015, the Tiscali S.p.A.'s shareholders' meeting, in extraordinary session, approved the project for the merger via incorporation of Aria Italia S.p.A. in Tiscali S.p.A..

The shareholders' meeting also granted authority to the Tiscali Board of Directors post-merger, pursuant to Article 2443.2 of the Italian Civil Code, to increase the share capital against payment, in one or more tranches, by means of the issue of a maximum total of 250,000,000 ordinary shares lacking par value, with the exclusion of the purchase option, pursuant to Article 2441.5 of the Italian Civil Code, reserved for Bank Otkritie Financial Corporation (Public Joint-Stock Company) to be exercised under option by the Tiscali management body post-merger as an alternative to the repayment of the loan disbursed by Bank Otkritie in favour of the Aria Group and which will pertain to the Tiscali Group post-merger.

The merger project was approved by Tiscali's extraordinary shareholders' meeting with the favourable vote of 99.565% of those present and 98.733% of those differing from the current reference shareholder of the company, and had already been approved unanimously by Aria Italia's extraordinary shareholders' meeting held on 28 September 2015.


It is envisaged that the transaction will take place by means of an increase in Tiscali's share capital with the issue of new ordinary shares to be offered under share swap to the shareholders of Aria Italia on the basis of the exchange ratio of 50 ordinary Tiscali shares for every 3 ordinary Aria Italia shares.

The merger project was drawn up on the basis of Tiscali's statement of financial position as at 30 June 2015 and the special financial statements of Aria Italia as at 24 August 2015.

The execution of the merger is subordinate to the occurrence of the conditions precedent indicated in the merger project, including the consent of the senior lenders of the Tiscali Group as per the restructuring agreements entered into in December 2014. The companies concerned are currently taking steps so that all the conditions precedent take place in the shortest space of time possible. If these conditions take place, the merger will be effective for statutory purposes as from the last of the registrations laid down by Article 2504 *bis* of the Italian Civil Code or as of a subsequent date indicated in the related deed, while the accounting and tax effects of the merger shall commence as from the date of efficacy of the same.

For further details on the terms and conditions as well as on the risks regarding the finalisation of the Merger, please see the disclosure document drawn up in accordance with Article 70.6 of the Issuers' Regulations, as well as the additional documentation made public in accordance with the law in view of the pertinent shareholders' meeting.

In compliance with the matters envisaged by Article 125 *quater*, section 2, Italian Legislative Decree No. 58 dated 24 February 1998, a summary report of the votes containing the number of shares represented during the meeting and the shares for which a vote has been expressed, the percentage of the share capital which these shares represent, as well as the number of favourable and contrary votes on the resolutions as per the agenda and the number of abstentions, will be made available to the public within 5 days of the date of the

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shareholders' meeting on the Company's website. The minutes of the shareholders' meeting will be made available to the public within 30 days of the date of the shareholders' meeting, adopting the same formalities.

The meeting's approval of the merger project is an additional step towards the achievement of the business plan launched by the Tiscali Group and the Aria Group by means of the signing of the merger agreement in July 2015, aimed at the integration of the Tiscali transportation network and the wireless access network owned by Aria and the respective commercial structures, which will make it possible to provide UltraBroadband "Fixed Wireless Access" and in the future also "Mobile Data" services under the Tiscali brand throughout Italy. The transaction will also permit Tiscali to obtain financial resources for around EUR 42.4 million, to be allocated to the reduction of the Group's debt.

The Company has availed itself of the financial advice of Banca IMI and Borghesi e Associati, and the legal advice Studio Giliberti Pappalettera Tricornia and the tax consulting of Studio Facchini Rossi e Soci. The Aria Group has availed itself of the legal advice of Studio Avvocati Zappalà and the tax consulting of Ludovici&Partners.

QuickScore, the new algorithm developed by Tiscali, CNR and Pisa and Venice Universities awarded a prize as the "Best Paper" at the 38th «Annual International ACM SIGIR Conference on Information Retrieval»

Tiscali, the CNR, Pisa University and Ca' Foscari University in Venice developed QuickScorer, a new algorithm which makes it possible to speed up the identification of the most interesting Web pages in response to the interrogation by a user of a search engine. QuickScorer was awarded a prize as the "Best Paper" (best scientific contribution) at the 38th edition of the International ACM SIGIR Conference on Information Retrieval, the leading global industrial and scientific research event in the sector of Web search which, this year, was held in Santiago de Chile. The modern search engines use machine learning techniques to identify the most interesting web pages to be supplied in response to interrogation by a user. The techniques, albeit efficient, are onerous in terms of calculation timescales.

QuickScorer (currently being patented by Tiscali) is an algorithm which significantly improves the state of the art with regard to the assessment of Web pages by means of the use of automatic learning techniques. By means of a more efficient use of the structures of the modern computer processes, the algorithm reduces the cost for the assessment of the Web pages returned by the search engines, therefore identifying the best documents in terms of quality in a shorter space of time. QuickScorer will form an integral part of the technology on which Istella is based (<http://www.istella.it>), the search engine developed by Tiscali. The algorithm may be positively employed also in many other sectors which use similar techniques for the identification of significant results. Tiscali and its academic partners are strengthening their collaboration with the aim of further improving the quality and fruition of Istella.

Extension of the Tiscali and CN Lab Multimedia range to the whole of Italy

On 14 September 2015, the development of the partnership between Tiscali and CN Lab for the broadcasting of regional news was communicated, thanks to which the coverage extends to the whole of Italy. CN Lab, publishing company of the Resto al Sud community, has been chosen by Tiscali for implementing the multimedia range of news, galleries and videos for the tiscali.it portal. Narrating tomorrow's Italy is the sense of the project which for Tiscali and CN Lab will be co-ordinated by the journalist Roberto Zarriello (who already works together with Tiscali via his blog dealing with aspects of innovation, digital matters, social media and as trainer for the Tiscali Open Campus) heading up a team of journalists and video-makers. CN Lab will collaborate for the supply of news and multimedia contributions with the Tiscali media area, guided by the director Marco Agosti.

CN Lab will therefore have to guarantee (in addition to the regions in central southern Italy already covered by the service) the general coverage of local events in Lombardy, Piedmont, Liguria, Veneto, Friuli Venezia Giulia, Trentino Alto Adige, Emilia Romagna, Lazio and Tuscany. It will do so promptly, neutrally and clearly, always choosing the news in relation to the vision defined by the editorial project: the future of the towns, cities, the territory, the sustainable development, focusing on innovation and concentrating attention on all

the aspects of interest so as to provide information on the environment, school, transport, cultural heritage, green economy, health and many other aspects.

Information which focuses on developing the good practices of the local efficient and innovative administration authorities and which also involves other market players, schools and citizens in the area, directly involving them in the editorial projects as bloggers or columnists to be called on and consulted when necessary.

The collaboration between CN Lab and Tiscali also continues on the “Restoalsud” cultural project, by means of the portal of the bloggers in the south “restoalsud.it”, and via the partnership with the Restoalsud Academy, which aims to find and train young digital talent in disadvantaged areas of southern Italy. The first edition has just concluded and the second selection of the project is about to start, in which Conad Italia has also invested resources.

### **Business continuity**

This quarterly Report as at 30 September 2015 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 future outlook”, in the Consolidated Financial Report as at 30 June 2015.

### **4.4 Events subsequent to the end of the first nine months of 2015**

#### Restructuring of the Leasing Agreement regarding the Sa Illetta property

On 2 October 2015, the Group entered into an agreement with the leasing pool headed up by Mediocredito Italiano amending the Leasing Agreement, which envisages the re-wording of the agreement under the terms envisaged in the commitment manifested by said leasing pool to the Company in June 2015.

#### Transfer of assets to Streamago Inc.

On 2 October 2015, Tiscali Italia S.p.A. transferred company assets relating to the Streamago project to the company Streamago Inc, with headquarters in Delaware, for a book value as at 30 September 2015 of around EUR 0.7 million, receiving 51,577,564 preference shares in exchange, equal to 75.81% of the share capital resolved by said company.



**Financial Statements and Explanatory Notes as at 30  
September 2015**

## 5 Consolidated Financial Statements and Explanatory Notes as at 30 September 2015

## 5.1 Income statement

	30 September 2015	30 September 2014
<i>(EUR 000)</i>		
Revenues	153,227	158,838
Other income	14,614	1,615
Purchase of materials and outsourced services	98,766	98,821
Payroll and related costs	26,341	25,548
Other operating (income) charges	(4,939)	(1,012)
Write-downs of receivables from customers	13,841	6,971
Restructuring costs and other write-downs	501	553
Amortisation/depreciation	26,444	27,418
<b>Operating result</b>	<b>6,886</b>	<b>2,154</b>
Net financial income (charges)	(12,720)	(11,046)
<b>Pre-tax result</b>	<b>(5,833)</b>	<b>(8,892)</b>
Income taxes	(278)	(613)
<b>Net result from operating activities (on-going)</b>	<b>(6,111)</b>	<b>(9,505)</b>
Result from assets disposed of and/or destined for disposal	0	0
<b>Net result for the period</b>	<b>(6,111)</b>	<b>(9,505)</b>
<b>Attributable to:</b>		
- Result pertaining to the parent company	<b>(6,111)</b>	<b>(9,505)</b>
- Minority interests	0.00	0.0
<b>Earnings (Losses) per share</b>		
Earnings per share from operating activities and those disposed of:		
- Basic	(0.00)	<b>(0.01)</b>
- Diluted	(0.00)	<b>(0.01)</b>
Earnings per share from operating activities:		
- Basic	(0.00)	<b>(0.01)</b>
- Diluted	(0.00)	<b>(0.01)</b>



## 5.2 Statement of comprehensive income

(EUR 000)	Notes	30 September 2015	30 September 2014
<b>Result for the period</b>		<b>(6,111)</b>	<b>(9,505)</b>
<b>Other components of comprehensive income:</b>			
Other components of comprehensive income which will be subsequently reclassified under profit/loss for the period		0	0
Other components of comprehensive income which will not be subsequently reclassified under profit/(loss) for the period		152	(285)
<b>(Loss)/profit from revaluation on defined benefit plans</b>		<b>152</b>	<b>(285)</b>
<b>Total other components of comprehensive income</b>		<b>152</b>	<b>(285)</b>
<b>Total statement of comprehensive income result</b>		<b>(5,959)</b>	<b>(9,790)</b>
Attributable to:			
Shareholders of the parent company		<b>(5,959)</b>	<b>(9,790)</b>
Minority shareholders		0	0
		<b>(5,959)</b>	<b>(9,790)</b>

## 5.3 Statement of financial position

(EUR 000)	30 September 2015	31 December 2014
<i>Non-current assets</i>		
Intangible assets	54,199	59,990
Property, plant and equipment	80,106	77,107
Other financial assets	11,381	10,775
	<b>145,685</b>	<b>147,871</b>
<i>Current assets</i>		
Inventories	1,204	1,129
Receivables from customers	32,422	43,457
Other receivables and other current assets	14,514	10,518
Other current financial assets	6,205	162
Cash and cash equivalents	4,935	4,801

	<b>59,279</b>	<b>60,066</b>
Assets held for sale	(0)	(0)
<b>Total Assets</b>	<b>204,964</b>	<b>207,938</b>
<i>Share Capital and reserves</i>		
Share Capital	92,052	92,052
Results from previous periods and Other reserves	(260,718)	(244,437)
Result pertaining to the Group	(6,111)	(16,434)
<b>Group shareholders' equity</b>	<b>(174,777)</b>	<b>(168,818)</b>
Minority interests	0	0
<b>Shareholders' equity pertaining to minority shareholders</b>	<b>0</b>	<b>0</b>
<b>Total Shareholders' equity</b>	<b>(174,777)</b>	<b>(168,818)</b>
<i>Non-current liabilities</i>		
Payables to banks and to other lenders	72,181	80,535
Payables for financial leases	51,215	47,975
Other non-current liabilities	2,800	1,323
Liabilities for pension obligations and staff severance indemnities	5,319	5,550
Provisions for risks and charges	1,254	1,600
	<b>132,770</b>	<b>136,982</b>
<i>Current liabilities</i>		
Payables to banks and other lenders	68,491	65,351
Payables for financial leases	8,798	10,464
Payables to suppliers	96,310	91,348
Other current liabilities	73,373	72,611
	<b>246,972</b>	<b>239,774</b>
Liabilities directly related to assets held for sale	(0)	(0)
<b>Total Liabilities and Shareholders' equity</b>	<b>204,964</b>	<b>207,938</b>



**5.4 Cash flow statement (in abridged form)**

	30 September 2015	30 September 2014
<i>(EUR 000)</i>		
Net result from operating activities (on-going)	(6,111)	(9,505)
<b>FLOWS GENERATED BY OPERATIONS (inclusive of the Result)</b>	<b>47,368</b>	<b>24,307</b>
<b>FLOWS GENERATED BY INVESTMENT ACTIVITIES</b>	<b>(30,937)</b>	<b>(13,657)</b>
<b>FLOWS GENERATED BY FINANCING ACTIVITIES</b>	<b>(16,298)</b>	<b>(2,797)</b>
<b>NET INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS</b>	<b>133</b>	<b>7,853</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>4,801</b>	<b>3,112</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FIRST NINE MONTHS OF THE YEAR</b>	<b>4,935</b>	<b>10,965</b>

**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
<b>Balance as at 1 January 2015</b>	<b>92,052</b>			<b>(1,811)</b>	<b>(259,059)</b>	<b>(168,818)</b>		<b>(168,818)</b>
Share capital increase Increases /(Decreases)								
Statement of comprehensive income result				152	(6,111)	(5,959)		(5,959)
<b>Balance as at 30 September 2015</b>	<b>92,052</b>			<b>(1,659)</b>	<b>(265,170)</b>	<b>(174,777)</b>		<b>(174,777)</b>

	Share Capital	Share premium reserve	Stock option reserve	Reserves for employee benefits	Accumulated losses and Other reserves	Group shareholders' equity	Minority interests	Total
<b>Balance as at 1 January 2014</b>	<b>92,023</b>			<b>(1,294)</b>	<b>(242,624)</b>	<b>(151,896)</b>		<b>(151,896)</b>
Share capital increase Increases /(Decreases)					(1)	(1)		(1)
Statement of comprehensive income result				(285)	(9,505)	(9,790)		(9,790)
<b>Balance as at 30 September 2014</b>	<b>92,023</b>			<b>(1,580)</b>	<b>(252,130)</b>	<b>(161,687)</b>		<b>(161,687)</b>



## EXPLANATORY NOTES TO THE INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2015

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 2015 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 statement of financial position and income statement situation when compared with the information provided by the consolidated financial statements as at 31 December 2014.

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 2015, have been applied consistently at the time of preparation of the consolidated financial statements as at 31 December 2014, 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 2014.

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Changes in the consolidation area

The consolidation area of the Group includes the financial statements of Tiscali S.p.A. (parent company) and the companies the latter directly or indirectly controls starting from the date on which it was acquired and until the date on which control ceases.

On 12 January 2015, the subsidiary Tiscali Business UK Limited was liquidated.

on 5 May 2015, the subsidiary Tiscali Finance S.A. was liquidated.

On 8 July 2015, the company "Streamago Inc" was incorporated, with registered office in Dover, in the state of Delaware (USA). The company's purpose is the technological and commercial development and promotion of the Streamago service.

There were no other changes to the Group's consolidated area.

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

The accounting standards adopted by the group for the preparation of the consolidated financial statements, as at 30 September 2015, are compliant with those used for the preparation of the consolidated financial statements as at 31 December 2014, to which reference should be made, except for the adoption of the new standards, amendments and interpretations effective as from 1 January 2015, as briefly described here below.

- **IFRIC 21 - Levies** - The interpretation defines the accounting treatment of the liabilities for government taxes and levies other than income taxes in relation to the moment when an entity can recognise these liabilities. The interpretation was approved by the European Union in June 2014 (Regulation EU 634/2014) and became applicable for financial statements which commencing as from 17 June 2014, or after. The entry into force of this interpretation did not have any impact on the Group's Half-Year Consolidated Financial Statements.
- **Annual improvements to IFRS 2011-2013 cycle** (issued by the IASB in December 2013) - These amendments were approved by the European Union in December 2014 (EU Regulation No. 1361/2014) and apply as from 1 January 2015, and in particular, concern the following standards:
  - *IFRS 3 Business combinations* - The amendment applies prospectively and, for the purposes of the exclusion from the scope of application of IFRS 3, clarifies that: (i) excluded from the scope of application of IFRS 3 are not just joint ventures but also joint arrangements; (ii) this exclusion from the scope of application applies solely to the accounting of said joint arrangement in the financial statements. The Tiscali Group is not a joint arrangement, therefore said amendment is not relevant for the Group and its subsidiaries
  - *IFRS 13 Fair value measurement* - The amendment applies prospectively and clarifies that the portfolio exception set out in IFRS 13 can be applied not only to financial assets and liabilities, but also to other contracts within the scope of application of IAS 39. The Group does not apply the portfolio exception set forth in IFRS 13.
  - *IAS 40 Investment property* - The description of additional services in IAS 40 distinguishes investment property from owner-occupied property (for example: property, plant and equipment). The amendment applies prospectively and clarifies that in defining whether a transaction represents a purchase of an asset or a business combination, IFRS 3 must be used and not the

description of additional services of IAS 40. This amendment has not had any impact on the Group.

## Revenues

(EUR 000)	30 September 2015	30 September 2014
Revenues	153,227	158,838

Revenues fell over the corresponding period in 2014. For more details refer to paragraph "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 2015	30 September 2014
Purchase of materials and outsourced services	98,766	98,821
Payroll and related costs	26,341	25,548
Other operating costs	(4,939)	(1,012)
	<b>120,168</b>	<b>123,357</b>

## Restructuring costs, provisions for risk reserves and write-downs

(EUR 000)	30 September 2015	30 September 2014
Write-downs of receivables from customers	13,841	6,971
Restructuring costs and other write-downs	501	553
<b>Total</b>	<b>14,342</b>	<b>7,525</b>

The item Write-downs of receivables from customers totalled EUR 13.8 million (EUR 7 million as at 30 September 2014) and includes not only the allocation to the receivable write-down provision of EUR 8.7 million, deemed necessary to adjust the receivable write-down provision as at 30 June 2015 to the values considered adequate by the Directors, but also the effect of some write-offs of credit positions deriving from a settlement agreement reached by the company in the period for a value of EUR 5.1 million.

The increase with respect to the first nine months of 2014 is mainly due to the mass disconnections of 14.6 thousand customers in the first nine months of 2015 and the subsequent higher allocation in respect of the assessment of the recoverability of these receivables.



**Financial income and charges**

Financial charges and the related trends are linked to the Group's debt structure.

These amounted to EUR 12.7 million in the first nine months, up on the figure in the previous period (EUR 11 million).

The increase in bank interest is mainly attributable to the rise in financial charges on the Senior Loan, primarily due to the increase in the internal rate of return applied (around 3%) as a result of the Restructuring Agreements signed in December 2014.

**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.

**Non-current assets**

(EUR 000)	30 September 2015	31 December 2014
Intangible assets	54,199	59,990
Property, plant and equipment	80,106	77,107
Other financial assets	11,381	10,775
<b>Total</b>	<b>145,685</b>	<b>147,871</b>

Non-current assets include intangible assets and tangible assets (mainly Property, plant and equipment) recorded with a total value as at 30 September 2015 of EUR 145.7 million (EUR 147.9 million as at 31 December 2014).

Non-current assets also include Other financial assets totalling EUR 11.4 million (EUR 10.7 million as at 31 December 2014), which include guarantee deposits for EUR 7.3 million (mainly represented by the guarantee for the CONSIP Tender relating to the Italian subsidiary Tiscali Italia S.p.A. for EUR 6.5 million), and the value of the equity investment held by Tiscali Italia S.p.A. in Janna, amounting to EUR 2 million.

**Current assets**

(EUR 000)	30 September 2015	31 December 2014
Inventories	1,204	1,129
Receivables from customers	32,422	43,457
Other receivables and other current assets	14,514	10,518
Other current financial assets	6,205	162
Cash and cash equivalents	4,935	4,801
<b>Total</b>	<b>59,279</b>	<b>60,066</b>



Current assets mainly include "Receivables from customers", EUR 32.4 million as at 30 September 2015, compared to a balance of EUR 43.5 million as at 31 December 2014.

Other receivables and other current assets, amounting to EUR 14.5 million, include accrued income and prepaid expense for service costs for EUR 13.5 million, advances to suppliers for EUR 0.2 million, amounts due from the tax authorities for EUR 0.4 million and other receivables for EUR 0.3 million.

### Non-current liabilities

<i>(EUR 000)</i>	30 September 2015	31 December 2014
Payables to banks and to other lenders	72,181	80,535
Payables for financial leases	51,215	47,975
Other non-current liabilities	2,800	1,323
Liabilities for pension obligations and staff severance indemnities	5,319	5,550
Provisions for risks and charges	1,254	1,600
<b>Total</b>	<b>132,770</b>	<b>136,982</b>

Non-current liabilities as at 30 September 2015 amounted in total to EUR 132.8 million (EUR 137 million as at 31 December 2014).

The item Other non-current liabilities amounted to EUR 2.8 million as at 30 September 2015 (EUR 1.3 million as at 31 December 2014) and primarily includes amounts due to suppliers for EUR 1.5 million, representing the medium/long-term portion of the payables deriving from the purchase of assets for the North Italy, Sardinia backbone projects and submarine links, the Istella project and the NetApp project, amounts due to the associated company Janna for around EUR 0.9 million and EUR 0.4 million for guarantee deposits to customers.

The balance of non-current liabilities also includes, together with the staff severance indemnities of Italian companies (EUR 5.3 million as at 30 September 2015), provisions for risks and charges (EUR 1.3 million).

### Current liabilities

<i>(EUR 000)</i>	30 September 2015	31 December 2014
Payables to banks and other lenders	68,491	65,351
Payables for financial leases	8,798	10,464
Payables to suppliers	96,310	91,348
Other current liabilities	73,373	72,611
<b>Total</b>	<b>246,972</b>	<b>239,774</b>

Current liabilities amounted in total to EUR 247 million, compared with EUR 239.8 million as at 31 December 2014.

The item "Payables to banks and to other lenders", totalling EUR 68.5 million (EUR 65.3 million as at 31 December 2014) mainly included the amount due to Senior Lenders, totalling EUR 52.5 million and the bank debt of Tiscali Italia S.p.A. and Veesible s.r.l. for EUR 16 million.

“Payables for financial leases” 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 96.3 million as at 30 September 2015, compared with a balance of EUR 91.3 million at the end of the previous year).

The item “Other current liabilities” mainly includes accrued expenses pertaining to personnel costs for EUR 4.2 million, deferred income of EUR 36.8 million, payables due to employees for EUR 1.7 million, the balance of VAT payable for around EUR 17.3 million, amounts due to the tax authorities and to social security and welfare institutions for around EUR 5.7 million, other tax payables for EUR 2.1 million and other payables totalling EUR 5.2 million pertaining to AGCOM fines, municipal property tax amendment and ministerial contributions relating to the Italian subsidiary.

### Shareholders' equity

<i>(EUR 000)</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Share capital	92,052	92,052
Accumulated losses and other reserves	(260,718)	(244,437)
Result for the period	(6,111)	(16,434)
<b>Total Shareholders' equity</b>	<b>(174,777)</b>	<b>(168,818)</b>

Changes in the various shareholders' equity items are detailed in the relevant table. As at 30 September 2015, the share capital amounted to EUR 92 million corresponding to 1,861,535,343 ordinary shares.

### Segment reporting (by geographic area)

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

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

Income statement 2015

30 September 2015 (EUR 000)	Italy	Vevisible	Corporate	Other	Cancellation adjustments	Total
<b>Revenues</b>						
From third parties	138,982	14,138	107	-	-	153,227
Intra-group	4,980	2,545	2,961	-	(10,486)	-
<b>Total revenues</b>	<b>143,962</b>	<b>16,683</b>	<b>3,068</b>	<b>-</b>	<b>(10,486)</b>	<b>153,227</b>
<b>Operating result</b>	<b>(2,871)</b>	<b>358</b>	<b>(4,426)</b>	<b>(27)</b>	<b>13,853</b>	<b>6,886</b>
<b>Portion of results of equity inv. carried at equity</b>						-
<b>Net financial income (charges)</b>						(12,720)
<b>Pre-tax result</b>						(5,833)
<b>Income taxes</b>						(278)
<b>Net result from operating activities (on-going)</b>						(6,111)
<b>Result from assets disposed of and/or destined for disposal</b>						-
<b>Net result</b>						<b>(6,111)</b>

Income statement 2014

30 September 2014 (EUR 000)	Italy	Vevisible	Corporate	Other	Cancellation adjustments	Total
<b>Revenues</b>						
From third parties	143,653	15,103	83	-	-	158,838
Intra-group	5,005	2,157	4,849	-	(12,011)	-
<b>Total revenues</b>	<b>148,658</b>	<b>17,259</b>	<b>4,931</b>	<b>-</b>	<b>(12,011)</b>	<b>158,838</b>
<b>Operating result</b>	<b>143</b>	<b>277</b>	<b>1,783</b>	<b>(49)</b>	<b>()</b>	<b>2,154</b>
<b>Portion of results of equity inv. carried at equity</b>						-
<b>Net financial income (charges)</b>						(11,046)
<b>Pre-tax result</b>						(8,892)
<b>Income taxes</b>						(613)
<b>Net result from operating activities (on-going)</b>						(9,505)
<b>Result from assets disposed of and/or destined for disposal</b>						-
<b>Net result</b>						<b>(9,505)</b>

**Disputes, contingent liabilities and commitments**

The Tiscali Group is involved in a number of legal proceedings, a description of which can be found in the identical section of the Half-year Report as at 30 June 2015.

With respect to the matters indicated in the Half-year Report as at 30 June 2015, the following up-dates are indicated:

WOL dispute

With regard to the additional request for compensation made by the Stichting van der Goen WOL Claims, on 22 October 2015 Tiscali's Dutch legal advisors were informed by the lawyers of the banks that the same have reached a preliminary settlement agreement to be formalised in a few weeks. Accordingly, the parties involved in the proceedings requested the Court for the suspension of the proceedings underway.

Criminal proceedings

With regard to the notice of the conclusion of the preliminary investigations for alleged false corporate communications relating to the financial statements between 2008 and 2012 received by Tiscali Spa (in September 2013) and by Tiscali Italia (in January 2014), the preliminary hearing, initially fixed for 28 May 2015, subsequently put back to 20 October 2015, has once again been postponed until 2 February 2016.



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Chairman and Chief Executive Officer

Renato Soru

**6 Statement of the appointed executive**

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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 2015 corresponds to the documentary results, books and accounting records.



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

Pasquale Lionetti

## 7 Attachment - Glossary

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<b>Shared access</b>	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.
<b>ADSL</b>	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.
<b>ADSL2+</b>	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.
<b>Uncovered Areas</b>	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).
<b>ARPU</b>	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.
<b>Bitstream</b>	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.
<b>Broadband</b>	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.
<b>Broadcast</b>	Simultaneous transmission of information to all nodes on a network.
<b>Unique browsers</b>	Number of different browsers that, in a specific time span, can visit a site one or more times.
<b>Access fee</b>	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".
<b>Capex</b>	Acronym for Capital Expenditure. Identifies the outgoing cash flows generated by the investments in an operating structure.

<b>Carrier</b>	Company that physically makes a telecommunications network available.
<b>Co-location</b>	Dedicated spaces in the machine rooms of an incumbent operator for the installation by Tiscali of its own network devices.
<b>CPS</b>	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.
<b>CS</b>	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.
<b>Business customers</b>	SoHos, small medium and large businesses.
<b>Consumer customers</b>	Customers who subscribe to an offer intended for households.
<b>Dial Up</b>	Narrowband internet connection by means of a normal telephone call, usually charged on a time basis.
<b>Digital</b>	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.
<b>Double Play</b>	Combined offer of access to the Internet and fixed telephony.
<b>DSL Network</b>	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.
<b>DSLAM</b>	Acronym for Digital Subscriber Line Access Multiplexer, a device used in DSL 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.

<b>MAN</b>	Acronym for Metropolitan Area Network, a fibre optic network that extends across a metropolitan area and links a Core Network to an Access Network.
<b>Mbps</b>	Acronym for megabit per second, a unit of measurement that states the capacity (and thus the speed) of data transmission along a computer network.
<b>Modem</b>	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.
<b>MNO</b>	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).
<b>MPF</b>	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.
<b>MSAN</b>	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.
<b>MVNO</b>	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.

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

<b><i>Set-top-box or STB</i></b>	Device able to handle and route data, voice and television connections, installed at the end user's premises.
<b><i>Syndication</i></b>	The sale of radio and TV transmissions wholesale by a media company that owns the rights and usually the delivery platform also.
<b><i>SoHo</i></b>	Acronym for Small office Home office, for small offices, mostly professional offices or small firms.
<b><i>SHDSL</i></b>	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).
<b><i>Single Play</i></b>	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.
<b><i>Single Play voice</i></b>	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.
<b><i>SMPF</i></b>	Acronym for Shared Metallic Path Facilities which is synonymous with Shared Access (ungrouped access).
<b><i>Triple Play</i></b>	A combined offering of fixed and/or mobile telephony, Internet and/or TV made by a single operator.
<b><i>Local loop unbundling or LLU</i></b>	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.

<b><i>xDSL</i></b>	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.
<b><i>WI-FI</i></b>	Service for connection to the internet at high speed wirelessly.
<b><i>Wi-Max</i></b>	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.
<b><i>Wholesale</i></b>	Services that consist of the sale of access services to third parties.
<b><i>WLR</i></b>	Acronym for Wholesale Line Rental, selling on by an operator of the telecommunications service for lines affiliated with an Incumbent.