

Tiscali: Approval of 1H2008 results

- **Revenues: EUR 535.2 million, up by 36%YoY, with the consolidation of Pipex in the UK**
- **EBITDA: EUR 95.8 million, up by 55% YoY**
- **ADSL users at over 2.4 million, an increase of 376 thousand customers YoY**

Cagliari, 8th August 2008

The Board of Directors of Tiscali, which met yesterday, has approved the 1H2008 results.

The revenues of the Tiscali Group for the first half of 2008 amounted to EUR 535.2 million, up by 36% compared to the figure of EUR 393.0 million for the first half of 2007. The 2008 figures include both organic growth and external growth in relation to the acquisition of Pipex in the UK.¹

In the first half of 2008 internet access and voice services – the Group's core business – represented around 86% of total turnover. Group profitability increased, with a Gross Operating Income (EBITDA) before provisions of EUR 95.8 million, up by 55% compared to the EBITDA of EUR 61.9 million recorded during the first half of 2007. Profitability as a percentage of revenues increased by two percentage points (18% in the first half of 2008 compared to 16% in the first half of 2007).

ADSL users have grown by around 376 thousand compared to 30 June 2007, bringing the total number of customers to over 2.4 million, including over 1.2 million LLU customers and more than 1 million customers purchasing "bundled" services (voice with VoIP and CPS and internet access). The Group ADSL retail ARPU was EUR 29 stable versus 2007, in spite of increased competition in the market.

¹ *In 1H2008 results the subsidiaries in Germany and the Czech Republic (no longer operational after the disposal of the related assets) have been included under continuing operations as provided for by IFRS accounting principles*

Investor Relations

Chiara Dorigotti / Lisa Nanu
 +390230901 253/209
 ir@tiscali.com

**Press Office
 Image Building**

Mara Baldessari, Simona Vecchies
 +39 0289011300 Email: tlc@imagebuilding.it

Tiscali S.p.A.
 Sa Illetta
 09122 Cagliari
 Italy

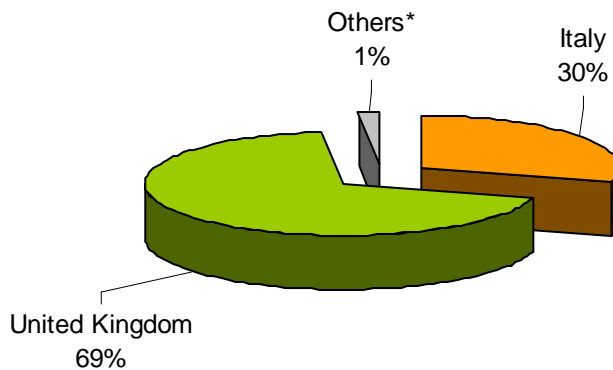
www.tiscali.com

REVENUES BY GEOGRAPHIC AREA

The first semester 2008 has shown an increase in annual performance, both in the Italian and in the UK subsidiaries.

It is to be highlighted that the higher competitive pressure in the second quarter of 2008, both in Italy and in the UK, as well as the redefinition of the customer database aimed at eliminating inactive customers and at creating higher efficiencies, led to a slowdown in growth if compared to the first quarter 2008. This trend affected especially the UK operations, due also to a further weakening of the Pound Sterling exchange rate versus Euro during the second quarter of this year.

Geographical breakdown of revenues



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

Italy: growth in core business, ADSL revenues +23%, Voice revenues +45%

Tiscali Italia S.p.A.², generated revenues of EUR 158.1 million in the first half of 2008, an increase of 13% on the amount of EUR 139.7 million for the same period in 2007.

The growth in voice and ADSL revenues, the Italian subsidiary's core business, was even higher. Specifically, revenues from ADSL access services amounted to EUR 59.1 million, an increase of 23% compared to EUR 47.9 million during the first half of 2007. The ADSL revenues also include bundled offers including voice, for the "flat" component. The traffic generated, on the other hand, is included in the "Voice" revenue line.

Voice revenues amounted to EUR 45.6 million in the half year, an increase of 45% compared to the first half of 2007 (EUR 31.5 million).

² Including the former Tiscali Services srl

At 30 June 2008 Tiscali recorded a net increase of around 74 thousand new ADSL customers in Italy compared to 30 June 2007, bringing the total customer base for this service up to 574,000, including over 360,000 already active and linked to the Tiscali network infrastructure (unbundled).

During the half year around 110 thousand customers subscribed to the double play services in Italy (data and voice via the internet), bringing the total number of double play customers up to 233 thousand. The customer base using dial-up access (narrowband) and CPS voice services stood at around 356 thousand users.

The ARPU for broadband services in Italy amounted to EUR 30 per month, an increase compared to the average for the year 2007 and in line with targets.

Tiscali Italia S.p.A. ended the first half of 2008 with a gross operating result (EBITDA)³ of EUR 24 million (15% of revenues), compared to EUR 27 million (19% of revenues) in the first half of 2007.

On the other hand, the Gross Margin, an indicator of the Italian subsidiary's business performance, increased by 16% on an annual basis and by 2 percentage points on revenues. The decrease in the EBITDA result was therefore entirely due to the increase in operating costs, which rose from EUR 49.3 million in the first half of 2007 to EUR 63.3 in the first half of 2008 (+28%), including sales and marketing costs up by 44% in absolute value on an annual basis (from EUR 20.2 million in the first half of 2007 to EUR 29.0 million in the first half of 2008) and by 4 percentage points in terms of proportion of revenues (from 14% to 18%).

In the first half of 2008, the operating result (EBIT) for Tiscali Italia S.p.A. was a loss of EUR 9.2 million compared to the loss of EUR 3.3 million in the first half of 2007.

United Kingdom: Revenues +46%, EBITDA +63%

Tiscali UK generated revenues of EUR 368.6 million during the half year, an increase of 46% on the first half of 2007 (revenues of EUR 253.2 million).

This performance was the result of both organic and external growth through the acquisitions of VNIL (Homechoice) in 2006 and Pipex in September 2007.

The UK operations also saw the highest growth in the ADSL and Voice segments. Indeed, ADSL access services generated revenues of EUR 210.5 million (57% of total revenues) in the first half on 2008, an increase of 32% on the figure of EUR 159.6 million for the first half of 2007. Voice services, which also include analogue products sold alongside ADSL services, generated revenues of EUR 119.1 million, an increase of 131% on the EUR 51.6 million for the same period in 2007.

At 30 June 2008, approximately 288,000 ADSL users had been acquired with respect to 30 June 2007, bringing the total number of users up to 1,838,000, including 880,000 direct (ULL) customers, and around 884,000 customers subscribing to dual play services.

The retail ARPU for broadband services in the UK stood at EUR 29 per month, stable compared to the year 2007, despite the greater competitive pressure.

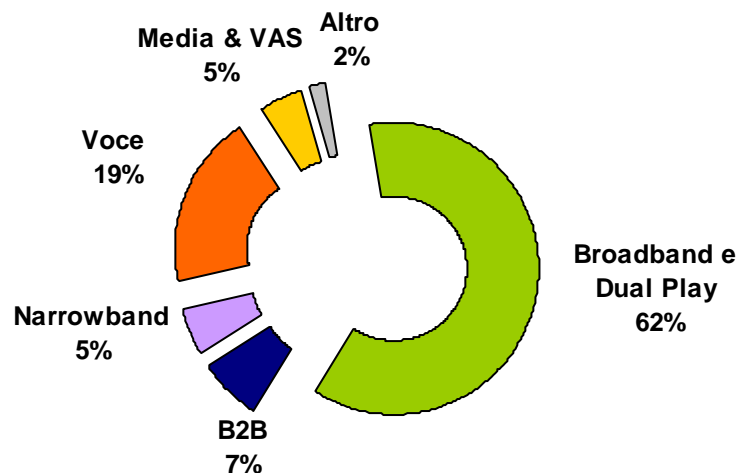
³ Net of intercompany costs and gross of write-downs of receivables

The subsidiary Tiscali UK recorded a gross operating result (EBITDA)⁴ of EUR 58.7 million (16% of revenues) for the first half of 2008, an increase of 63% on the EUR 36.0 million (14% of revenues) for the first half of 2007. Given that the gross margin was essentially stable, this increase was due to the acquisition of Pipex and the decrease in indirect costs as a percentage of revenues.

The operating result (EBIT) for the first half of 2008 - net of restructuring costs of EUR 20.7 million linked to the acquisition of Pipex – was a loss of EUR 7.9 million, a reduction compared to the loss of EUR 11.7 for the first half of 2007. The (EBIT) loss of EUR 28.7 was an increase compared to the loss of EUR 12.7 for the first half of 2007, also due to the higher amortisation and depreciation linked to the investment plan (EUR 56.3 in the first half of 2008 compared to EUR 41.5 million in the first half of 2007).

REVENUES BY BUSINESS LINE

Break-down of revenues by business line and access mode



Access: ADSL revenues +30%, Broadband ARPU EUR 29

This segment includes revenues from broadband (ADSL) and narrowband (dial-up) internet access services and generated revenues during the half year of EUR 298.9 million, representing around 56% of the Group's total revenues during the half year, an increase of 19% compared to the figure for the same period in 2007 (EUR 251.8 million). An analysis of ADSL revenues on their own, which include the "flat" component of bundled access and voice service offers, reveals an increase in revenues during the first half of 2008 compared to first quarter of 2007 of 30% (EUR 269.6 million against EUR 207.5 million).

⁴ Net of intercompany costs and gross of write-downs of receivables

The ADSL customer base acquired during the first half year amounted to 376 thousand, bringing the total customers who access this service up to over 2.4 million, half of whom (1.2 million) are set up as direct customers, i.e. connected via the Tiscali ULL network.

Voice: Revenues +96% thanks to the dual play offers

The voice segment includes both the traditional telephone service and a component of the variable traffic generated by voice services on IP offered in bundled mode with access. These services have enabled the achievement of significant growth in revenues during the first half of the year (+96%), especially thanks to the offers of voice products (both in analogue and VoIP mode) provided to customers together with access services. The voice revenues for the first half of 2008 totalled EUR 164,9 million, compared to EUR 84.3 million for the first half of 2007. The total revenues for the first half year included EUR 66.5 million for the voice traffic components generated by the VoIP services.

Business Services: Revenues +33%

During the first six months of 2008, revenues from business services (VPN services, housing, hosting, domains and leased lines), which do not include revenues from access and/or voice products for the same customer base that are included within their respective business lines, amounted to EUR 35.9 million, a 33% increase over the EUR 26.9 million in the first half of 2007. This figure reflects the acquisition of Pipex B2B users in England and a greater focus on the development of services in Italy.

Media and value added services

In the first half of 2008, the revenues in this segment (linked to direct and indirect advertising through commercial contracts with search engines) amounted to EUR 25.6 million, an increase of 4% compared to the revenues for the first half of 2007 (EUR 24.5 million).

GROSS OPERATING RESULT (EBITDA): 55% GROWTH

The Gross Operating Result (EBITDA) for the half year, before provisions for risks, write-downs, depreciation and amortisation, was EUR 95.8 million, an increase of 55% compared to the EUR 61.9 million in the first half of 2007.

In terms of the percentage of revenues for the period, the increase in this result, from 16% to 18%, was due to the reduction in the impact of indirect costs on revenues, as well as the inclusion of the non-operating items mainly relating to the company in Germany.

In the first half of 2008, EBITDA net of write-downs of receivables and other provisions was EUR 74.7 million (14% of revenues), an increase of 45% on the figure for the first half of 2007 (EUR 51.5 million, 13% of revenues).

During the half year, **indirect operating costs** stood at EUR 163.2 million (30% of revenues), a reduction in terms of proportion of revenues compared to the first half of last year (EUR 121.5 million, 31% of revenues).

OPERATING RESULT (EBIT): REDUCTION IN THE LOSS NET OF RESTRUCTURING COSTS

In the first half of 2008 the operating result, net of provisions and restructuring costs, was a loss of EUR 11.1 million, a significant improvement compared to the loss of EUR 20.9 million recorded during the first half of 2007.

During the first half of 2008 the Operating Result (EBIT) was a loss of EUR 32.7 million compared to the loss of EUR 28.5 million of the first half of last year.

NET RESULT: REDUCTION IN THE LOSS FROM CONTINUING OPERATIONS

The net result for the first half of 2008 was a loss of EUR 57.2 million, an improvement compared to the net loss of EUR 73.4 million (solely for continuing operations) in the first half of 2007. The figure for the first half of 2007, inclusive of the gain from the sale of the subsidiary in Holland, amounted to a net profit of EUR 22.4 million. This result reflects interest costs of around EUR 34.8 million, including EUR 28.3 million representing the long term bank loan cost..

Investments

The extension of the unbundling network and the operating investments relating to the connection and activation of new ADSL customers generated investments during the half year of around EUR 108.2 million, including EUR 55.3 million for investments in intangible assets and around EUR 52.8 million for investments in tangible fixed assets.

FINANCIAL POSITION

At 30 June 2008, the Tiscali Group held cash and cash equivalents totalling EUR 43.3 million, against a net financial debt, at the same date, of EUR 578.9 million, an improvement on the EUR 635.2 million at 31 December 2007.

The financial position is shown in the table below:

EUR 000	30 June 2008	31 December 2007
A. Cash	43,267	134,231
B. Other cash equivalents	15,724	16,290
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	58,992	150,521
E. Current financial payables	7,956	12,130
F. Non-current financial payables	10,531	1,274
G. Current bank debt	25,925	176,204
H. Current portion of non-current debt	-	-
I. Other current financial payables (*)	30,419	19,502
J. Current financial debt (G) + (H) + (I)	56,344	195,706
K. Net current financial debt (J) – (E) – (F) – (D)	(21,134)	31,781
L. Non-current bank payables	440,849	450,053
M. Bonds issued	53,898	43,842
N. Other non-current payables (**)	105,324	109,553
O. Non-current financial debt (L) + (M) + (N)	600,070	603,448
P. Net financial debt (K) + (O)	578,936	635,230

(*) includes leasing payables

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

In order to ensure consistency with the data provided in former reports, the above table includes VAT receivables under current financial receivables and guarantee deposits under other cash equivalents.

The table below provides a reconciliation of the above financial position with the same statement prepared in accordance with Consob resolution of 28 July 2006.

EUR 000	30 June 2008	31 December 2007
Consolidated net financial debt	(578,936)	(635,229)
Other cash, cash equivalents and current financial receivables	(20,688)	(20,909)
Consob consolidated net financial debt	(599,625)	(656,139)

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

The item non-current payables mainly includes the residual loan provided on 13 September 2007 by Banca Intesa Sanpaolo and JP Morgan for a total amount of EUR 449.8 million. The company also has credit facility available for EUR 50 million, which has not yet been disbursed.

The credit facility and the line of liquidity with Intesa Sanpaolo contain financial commitments (financial covenants) essentially linked to the observance of the following financial indicators that must be assessed, at consolidated level, on a quarterly basis: the ratio between debt and EBITDA; the ratio between EBITDA and the principal and interest payments to service the debt (Debt Service Cover Ratio). The bonds issued, amounting to EUR 56.3 million, consist of a convertible bond subscribed for by Management&Capitali in December 2007 for a nominal value of EUR 60 million with an annual rate of 6.75%.

SIGNIFICANT EVENTS DURING THE HALF YEAR

Execution of share capital increase

The share capital increase, executed in February 2008 involved the issue of 149,792,880 ordinary shares with a nominal value of EUR 0.50 per share and regular entitlement, to be offered to the shareholders, in the ratio of 6 new shares for every 17 shares held, at a price of EUR 1.00 each. The market subscribed for 100% of the amount under offer. Consequently, the surety provided by Banca IMI S.p.A. and J.P. Morgan Securities Ltd guaranteeing the completion of the transaction did not need to be invoked. The consideration for the share capital increase (approximately EUR 150 million) was used to repay the bridging loan granted by Intesa Sanpaolo and JPMorgan in July 2007.

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

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

Appointment of Mario Rosso as Chief Executive Officer

Partly as a result of the successful completion of the share capital increase transaction, during the meeting held on 28/29 February the Board announced that the strategic repositioning and equity/financial enhancement phase covering the last two years had been concluded. Having reached an agreement with the Company, Tommaso Pompei therefore resigned from his office, and the Board of Directors appointed the Director Mario Rosso to manage and coordinate a new strategic phase for the Company, appointing him as Chief Executive Officer.

Amendments to the stock option plan

On 27 and 28 February 2008, the Board of Directors also resolved to adjust the exercise price of the options allocated to the employees by means of the application of a ratio of 0.896756, identical to that published by Borsa Italiana on 11 January 2008, which was used to adjust the

option and futures contracts on Tiscali shares as a consequence of the share capital increase for around EUR 150 million concluded on 22 February 2008. The exercise price for the options allocated to the employees therefore currently stands at EUR 2.132 per share.

Furthermore, on the basis of the agreements between the Company and Tommaso Pompei as a consequence of his resignation during the Board Meeting held on 27 and 28 February 2008, the options assigned to Tommaso Pompei are understood to be exercisable for the full amount resolved (including the second tranche) according to the terms established in the regulations.

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

Appointment of a financial advisor for the analysis of strategic alternatives

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

Share purchase programme

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

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

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

The new Board consists of five members: Mario Rosso (Chairman and CEO), Massimo Cristofori, Francesco Bizzarri and Arnaldo Borghesi (reappointed) and the new independent director Umberto De Iulio.

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

Launch of Tiscali TV

In May 2008, Tiscali extended its IPTV service, following its launch in three cities (Milan, Rome and Cagliari in December 2007), to 7 new cities: Bologna, Florence, Genoa, Naples, Palermo, Turin and, from July, Trieste for a total coverage of more than 4 million lines.

In all these cities, Tiscali is offering an even richer programme schedule, thanks to major agreements signed with Sony Pictures Television International and Disney-ABC International

Television in relation to content, and to the new Man-ga! channels, in cooperation with Yamato Video. This service, which combines an IP (more than 40 channels) and DTT (30 channels) Television offer, will be gradually extended throughout Italy via Tiscali's own network. TISCALI TV operates within a market where television provided directly to the home via the internet is increasingly playing a key role, and is fully able to meet the demands of modern viewers.

Resignation of Massimo Cristofori

On 9 June 2008, Massimo Cristofori, the Group's CFO, who has been with Tiscali since its start up phase, resigned from the Company, whilst maintaining his role as Director of Tiscali S.p.A.

As a result of the Parent Company's new organisational structure the heads of the functions in the Finance area now report directly to Mario Rosso, the Group CEO, namely: Ernesto Fara (Head of Administration and Treasury), Romano Fischetti (Head of Planning, Reporting and Control, designated as Manager in charge of drawing up the corporate accounting documents), Antonio Corda (Head of Legal and Corporate Affairs) and Chiara Dorigotti (Head of Investor Relations and Communication). Luca Scano has assumed the role of CFO of Tiscali Italia.

SIGNIFICANT EVENTS AFTER THE HALF YEAR END, OUTLOOK AND PROSPECTS

SIGNIFICANT EVENTS AFTER 30TH JUNE 2008

Appointment of Romano Fischetti as Manager in charge of drawing up the corporate accounting documents

On 7th August 2008, the Board of Directors appointed Romano Fischetti (Head of Planning, Reporting and Control) as Manager in charge of drawing up the corporate accounting documents.

OUTLOOK AND PROSPECTS

In view of the developments within the business environment and the strategic review process still underway, Tiscali's Board of Directors intends to review the Business Plan in the fourth quarter of this year.

Considering the weakness of the Pound Sterling vs Euro beyond 10% if compared to the exchange rate used in the Business Plan, announced to the market on 27th November 2007, and in the light of the changed conditions in the broadband market and telecommunication services in general, the Company announces the following new targets for 2008:

- FY2008 revenues target range: EUR 1.0 – 1.1 billion
- FY2008 EBITDA target range: EUR 220 – 230 million

STATEMENT OF THE APPOINTED MANAGER

I, the undersigned, Romano Fischetti, manager in charge of drawing up the corporate accounting documents of Tiscali SpA, declare – pursuant to paragraph 2, Article 154-*bis* of the Italian Finance Consolidation Act – that the six-month results contained in this press release correspond to the documentary results, books and accounting records of the parent company and to the information provided by the companies included in the consolidation area.

CONSOLIDATED INCOME STATEMENT	30 June 2008	30 June 2007
<i>(EUR 000)</i>		
Revenues	535,172	393,053
Other income	2,520	4,203
Purchase of materials and outsourced services	398,315	282,755
Payroll and related costs	53,904	50,204
Other net operating costs (income)	(10,315)	2,354
Gross operating result (adjusted EBITDA)	95,788	61,942
Stock option plan cost	5,025	1,197
Bat debt provision	16,038	9,198
Gross operating result (EBITDA)	74,726	51,548
Other restructuring costs and provisions	21,738	8,062
Depreciation and amortizations	85,707	71,982
Operating result	(32,719)	(28,496)
Share of results of equity investments valued using the equity method	(305)	(422)
Net financial income (charges)	(34,804)	(26,773)
Other net financial income (charges)	-	(17,881)
Pre-tax result	(67,828)	(73,572)
Income taxes	4,774	2,082
Net result from operating activities (on-going)	(63,054)	(75,654)
Net result	(63,054)	20,144
Minority interests	(5,831)	(2,285)
Group Net Result	(57,223)	22,429

CONSOLIDATED BALANCE SHEET (EUR 000)	30 June 2008	31 December 2007
Non-current assets	1,184,306	1,210,692
Current assets	383,549	389,249
Assets held for sale	-	-
Total Assets	1,567,855	1,599,941
Group shareholders' equity	215,561	169,647
Shareholders' equity pertaining to minority shareholders	26,315	37,322
Total Shareholders' equity	217,876	206,970
Non-current liabilities	788,499	786,623
Current liabilities	561,480	606,348
Liabilities directly related to assets held for sale	-	-
Total Liabilities and Shareholders' equity	1,567,855	1,599,941

This press release contains certain forward-looking statements based on current expectations and projections in relation to future events. These forward-looking statements may be affected by known or unknown risks, uncertain events and the assumptions made. This press release also contains unaudited pro forma data. Tiscali does not undertake to publish updates or modify any forward-looking statements, either to provide new information or in response to future events or other circumstances. In light of the aforementioned risks, uncertainties and assumptions, the forward-looking statements contained in this press release may not come to fruition. Any statement relating to past performance or activities should not be considered a guarantee of future performance or of such activities continuing in the future.

Information on Tiscali

Tiscali S.p.A. (Borsa Italiana, Milan: TIS) is one of the leading alternative telecommunications companies in Europe. With one of the broadest and most interconnected IP technology-based networks worldwide, Tiscali supplies a wide range of services to its customers, both private individuals and companies, namely: internet access through dial-up and ADSL, as well as voice, VoIP, media, and added-value services and other technologically advanced products.

As at 30 June 2008, Tiscali had a total of 3.2 million active users in Italy and the UK. Of these, over 2.4 million were ADSL subscribers.

The Tiscali website may be accessed at www.tiscali.com.