

**The Ordinary Shareholders' Meeting of Tiscali S.p.A.  
approved the 2008 financial statements, appointed a member of the Board of  
Directors and the new Statutory Board of Auditors, and the opportune measures  
pursuant to art. 2446 of the Italian Civil Code**

Cagliari, 30 April 2009

■ **Approval of the 2008 financial statements**

The Shareholders' Meeting of Tiscali S.p.A., met today in the second call and approved the financial statements at 31 December 2008, confirming the figures of the draft financial statements approved by the Board of Directors' Meeting on 27 March 2009.

The performance of the Tiscali Group management during the 2008 financial year is summarised in the following primary results:

- **Consolidated revenues for EUR 983.6, +11.4% vs 2007 in line with the plan objectives of an equal area**
- **EBITDA for EUR 197.0 million, +24% vs 2007**
- **ADSL subscribers: over 2.3 million, of these over 1.2 million with direct access (LLU)**
- **Voice revenues for EUR 335.3 million, +46.5% vs 2007**
- **Revenue Italy at EUR 313.5, +7.4% compared to the year 2007. EBITDA Italy at EUR 76.3 million, +21.2% compared to the year 2007. 586 thousands ADSL customers, of which more than 385 thousands are LLU customers and ca 255 thousands dual play customers**
- **Revenues UK at EUR 683.6 million, +12.3% compared to the year 2007. EBITDA UK EUR 108.1 million, +9.6% compared to the year 2007. About 1.8 million ADSL users, of which over 900 thousands LLU customers and ca 820 thousands dual play customers**

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For a more detailed indication of results per geographical area and business line please see the press release issued on March 27<sup>th</sup> 2009.

### **Other key Group's results**

The **Operating Result (EBIT)** for 2008 presented a negative balance of EUR 99.9 million compared to the negative balance of EUR 74.9 million in the previous year, attributable to restructuring costs and writedowns for around EUR 78.8 million, of which EUR 42.1 million related to the restructuring costs pertaining to the UK subsidiary.

### **Net result**

The consolidated net result for 2008 was a loss of EUR 242.7 million, a greater loss if compared with result of minus EUR 65.3 million in 2007. The net result was impacted by financial charges totalling EUR 96.4 million, including ca EUR 60 million related to interests and other charges of the long term debt. EUR 64.9 million were related to the write down of the utilisation of tax losses.

**Investments** The extension of the unbundling network and the consequent operating investments relating to the connection and activation of new ADSL customers generated new investments during the year of around EUR 174.3 million, including around EUR 58.2 million in Italy and around EUR 116 million in the UK.

**Financial position.** At 31 December 2008, the Tiscali Group had total cash and cash equivalents totalling EUR 24.2 million, against net financial debt, at the same date, of EUR 601.1 million (EUR 636.5 million at 31 December 2007 referring to continuing operations).

After closure of the financial year, the Company obtained a standstill period, until the month of June 2009, concerning the payment of interest and the principal portion on long-term financial debt and the freezing of the calculation of the covenants and short-term bank facilities.

The change of operative cash and cash equivalents for the year, before the interests on debt is negative for EUR 12.5 million. The overall change is negative for around EUR 110 million, a figure which reflects investments for around EUR 174 million and charges for interest and other costs on debt for around EUR 76 million.

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## Write-down of equity investments and impact on the Parent company's Tiscali SpA financial statements

Herein below is a summary of the changes to the shareholders' equity of the Parent Company during the year 2008.

(EUR)	Share Capital	Share premium reserve	Accumulated losses and Losses for the period	Stock option reserve	Reserve for treasury shares	Total
<b>Balance at 01 January 2008</b>	<b>212,206,582</b>	<b>902,491,676</b>	<b>(185,382,601)</b>	<b>885,707</b>	<b>-</b>	<b>930,201,364</b>
Increases/Decreases	96,066,161	112,207,277	177,471	2,955,000	(6,186,581)	<b>205,219,327</b>
Transfers covering losses		(23,841,599)	23,841,599			-
Net profit (loss) for the period			(981,324,220)			<b>(981,324,220)</b>
<b>Balance at 31,12,2008</b>	<b>308,272,743</b>	<b>990,857,353</b>	<b>(1,142,687,751)</b>	<b>3,840,707</b>	<b>(6,186,581)</b>	<b>154,096,471</b>

The Parent Company Tiscali S.p.A. loss for the period in the year 2008, equal to EUR 981.324 is almost entirely attributable to the writedown equal to EUR 954.550 million, of the equity investments in the hands of Tiscali S.p.A. and in particular relevant to World Online International N.V., holding company of the UK activities.

Equity investments are recognised at cost, with the writedown of any permanent loss in value determined via impairment testing. For direct or indirect equity investments of a strategic nature, verification of the book value for the equity investments was performed in a similar manner and consistent with the previous year, by the development of a specific impairment test based on the discounting back of expected cash flows as indicated in the Tiscali Group business plan.

Given the capital was reduced by over a third from the losses registered for the year, the case provided for by article 2446 of the Italian Civil Code was applicable.

The Company declares, that in compliance with applicable laws and regulations, the Annual Financial Statements – including the annual report as at 31<sup>st</sup> December 2008, both for the Parent company Tiscali S.p.A. and for the Group and the respective audit reports - is made available to the public at the company's head office and Tiscali's official website, investors' area ([www.tiscali.com](http://www.tiscali.com)) and Borsa Italiana.

The minutes of the Annual Shareholders' meeting will be made available in compliance with Italian law.

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### ■ Appointment of Renato Soru as a member of the Board of Directors

The Tiscali Ordinary Shareholders' Meeting also provided for the appointment of Renato Soru to the office of member of the Board of Directors.

### ■ Appointment of the board of the statutory auditors

Tiscali ordinary shareholders' meeting has appointed the Statutory Board of Auditors, which will be in charge until the AGM called to approve the financial statements as at 31 December 2011, and has resolved upon their remuneration.

On the basis of the two lists presented respectively by the Shareholders Renato Soru (majority list) and jointly Haselbeech Holdings NV and Mallowdale Corporation NV (minority list), have been appointed the following Statutory Auditors.

Renato Soru's list: Piero Maccioni, Andrea Zini, Rita Casu.

Haselbeech Holdings NV and Mallowdale Corporation NV's list: Aldo Pavan (President), Giuseppe Biondo.

CVs/Résumés for the Statutory Auditors are available for consultation on the Company's website.

### ■ Resolutions pursuant to art. 2446 of the Italian Civil Code

The Board of Directors' submitted a proposal to the Shareholders' Meeting for the partial coverage of the accumulated losses at 31 December 2008 by means of the integral use of the share premium reserve, carrying forward the residual part of the losses equal to EUR 151.831 million.

The Board of Directors did not deem it advisable, at the present status, to propose any modification to the share capital, neither by way of increase nor by way of decrease, pointing out that the loss for the period was mostly due to the writedowns of equity investments essentially attributable to the extraordinary market situation, as better defined in the management report to the financial statements at 31 December 2008.

The Tiscali Shareholders' Meeting, which met today in the ordinary venue, approved the proposal for the partial coverage and carrying forward of the losses as proposed by the Board of Directors.

### ■ Approval of 1Q09 results

The approval of the 1Q2009 results is scheduled to take place on May 14<sup>th</sup> 2009.

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*Attached to this press release the considerations made by the Board of Directors pursuant the article 114, 5<sup>th</sup> Paragraph of Legislative Decree 58/98, as subsequently modified.*

***Declaration of the executive in charge of drawing up the Company's accounting documents***

*I, the undersigned Romano Fischetti, executive in charge of drawing up the Company accounting documents for Tiscali S.p.A., certify that pursuant to art. 154-bis, subsection 2, of the Legislative Decree 58/98, as subsequently modified, that the accounting information contained in the present press release corresponds to the documental results, the books and the accounting entries.*

*This press release contains a number of estimates based on current expectations and forecasts of future events. The aforesaid estimates depend on known and unknown risks, uncertainties and other assumptions. Furthermore, this press release contains some unaudited pro-forma financial data. Tiscali does not undertake to publish updates or modify estimates, whether due to the availability of more recent information or future events or otherwise. In the light of the above risks, uncertainties and assumptions, the estimates contained in this press release may not be confirmed. Any statement made with regard to previous performance or activities should be treated as a statement to the effect that such performance or activities will continue 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 value-added services and other technologically advanced products. As at 30 September 2008, Tiscali had a total of roughly 3.1 million active users in Italy and the UK. Of these, over 2.3 million were ADSL subscribers.*

*The Tiscali website may be accessed at [www.tiscali.com](http://www.tiscali.com).*

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